FINANCIAL TIMES



Exotic currencies

Not for the faint-hearted

China and the US

World trade order at risk

Personal view, Page 12



Israel

Why business backs Labour





Today's survey

The new Severn bridge

new products for monetary union

Westdeutsche Landesbank, Germany's biggest public sector bank, will spend up to DM200m (\$133m) developing new products in readiness for European monetary union. Despite uncertainties over whether Emu will start on time in 1999, the bank's chairman Friedel Neuber said: "We are assuming that the timetable will be met." The bank also plans further growth in its London-based investment hanking activities. Page 15

Anger at Holbrooke's comments on Bosnia:



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Page 29

European Union foreign ministers reacted angrily to critical comments over Bosnia by former US envoy Richard Holbrooke, the chief architect of the Dayton peace accord. Mr Holbrooke (left), was quoted as saying that "important European officials" were writing off the vision of a

re-integrated Bosnia and preparing for partition. One European official suggested Mr Holbrooke might be preparing to use the Europeans as scapegoats in the event of a hreakdown in the Dayton agreement. Page 2

US trade war with China looms: The US will today release a list of \$3bn worth of Chinese goods which are potential targets for import sanctions, moving closer to a trade war over alleged abuses of intellectual property rights in China. Page 14; Time to stop threats, Page 12

Tornado kills at least 440: A severe tornado lasting only a few minutes killed more than 400 people and injured over 32,000 in northern Bangladesh. The death toli is expected to rise.

Fight to win football World Cup TV rights: An impressive list of international broadcasting and marketing groups, including Walt Disney sub-sidiary Capital Cities/ABC and Rupert Murdoch's News Corporation, have lined up to hid for the world broadcasting rights for the football World Cup finals in 2002 and 2006 ahead of today's submis-

AT&T, the largest US long distance phone operator, and Unisource, a consortium of European operators, agreed to merge most of their operations in Europe. The new group will be owned 60 per cent by Unisource and 40 per cent by AT&T. Page 15

BJP faces challenge: India's main "social justice", secular and regional parties set aside their differences to elect Deve Gowda, the Janata Dal chief minister of Karnataka, as prime ministerial candidate. It will allow them to make a late challenge to the Bharatiya Janata party's claim to form a government in New Delhi. Page 6

Hongkong Telecom profits rise: Hongkong Telecom increased net profits by more than 14 per cent to HK\$9.94bn (US\$1.3bn) for the year to the end of March, and gave an upbeat assessment of its prospects in the face of increasing competition. Page 15; Lex, Page 14

Pressure for US rate rise recedes: The chance of an early rise in US interest rates lessened after official reports signalled modest growth and little underlying upward pressure on inflation.

Affied Domecq, the international spirits and retailing group, reported a 20 per cent fall in interim pre-tax profits to £321m (\$485m). Page 15;

Kuchma in tough stand on reforms: Ukrainian president Leonid Kuchma threatened cabinet ministers with dismissal if they stood in the way of market reforms. Page 3

Ghana admits refugees: Ghana reluctantly agreed to take in a Nigerian freighter carrying about 3,000 Liberian war refugees. Sierra Leone allowed another 1,000 refugees to land in Freetown after six days at sea with little food or water.

China's smoking ban begins: As China's ban on smoking in public places comes into effect in Beijing today, the authorities are far from persuad ing people to break the habit in a country which accounts for about 30 per cent of the world's total cigarette consumption. Page 6

Footballer found guilty over fatal crash: Dutch football international Patrick Kluivert was found guilty hy an Amsterdam court of causing death hy dangerous driving. The Ajax Amsterdam player was given a three-month jail term suspended for two years, ordered to do 240 hours of community service and banned from driving for 18 months after the crash in which one person died.

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WEDNESDAY MAY 15 1996

German bank plans Drive for flexibility in European labour markets in run-up to Emu

Brussels looks to woo unions

By Bruce Clark and Gillian Tett

The European Commission is today expected to announce plans for more talks with trade unions in a fresh drive to gain their support for the economic reforms needed in the run-up to European monetary union.

The initiative comes as the

Commission concedes in its halfyearly economic review that there is unlikely to be any significant fall in unemployment across the European Union in the next

While Brussels is at pains to counter any suggestion that a single currency will cost jobs, its officials are aware that high

talk of

merger

Babcock

hy its smaller rival Hochtief.

likely to reduce the risk of hostile

The possibility of such a

merger appeared to gain ground with analysts yesterday. "If

you're planning on taking over Deutsche Babcock then it makes

sense to first take over the finance director," one Frankfurt-

based construction analyst said.

In marked contrast to its larger

rival, Hochtief last week reported net profits of DM137m for 1995. Hochtief holds 24.9 per cent of

Holzmann and has placed a fur-

ther 10 per cent with Commerz-

Germany's cartel office opened

an inquiry on the possible take-

over and subsequently took

Hochtief to court alleging it bad taken effective control of Holz-

mann through its share pur-

chases. Both Hochtief and Holz-

mann are due to appear in court

property portfolio so that it bet-

Holzmann to review the valua-tions, had suggested the write-

downs could range between

In an effort to stem losses, Holzmann said yesterday it

DM296m and DM536m.

ing so far.

Holzmann has revalued its

bank, its house bank.

on November 6.

Hochtief yesterday declined to comment on events at Holzmann.

takeover because of its size.

property projects.

unemployment could threaten support for the single currency project. They are keen to encourage more flexibility in European labour markets, including greater regional mobility, and the issue will be a focus for the meeting of EU finance ministers next month

pull the European Monetary Institute - the forerunner of the European Central Bank - into joint discussions with unions and other social groups for the first

The Commission also hopes to

The plans come as governments in some EU countries, such as Germany and Belgium, are locked in negotiations with

unions over efforts to cut public spending to meet the single currency requirements

Germany's chancellor Helmut Kohl is due to make his first formal visit today to the European Union's beadquarters since 1993, and is expected to stress Ger-many's keenness to see steady progress over monetary union.

Early drafts of the report, and its policy recommendations, have pointed out that the EU "finds itself with a dismal employment record" since its last major initiative to boost competitiveness 212

The final draft of the report, which has been subject to intense discussion in recent days, will be agreed by the EU commissioners today, together with the Commission's economic forecasts.

in line with most independent economists, the Commission is confident that growth will accelerate in the second half of this year. However, it does not think this will make a significant dent in the johless total: it believes that unemployment is likely to remain over 18m next year, in

line with current levels. The Commission also admits that the pick up in growth is unlikely to be enough rapidly to reduce member states' budget deficits. Initial calculations by the Commission have suggested

will all fail to meet the Maas-tricht delicit criterion in 1997. and thus technically fail to qualify for a single currency.

These projections will be con-troversial and could be modified under pressure from member states when they are presented to finance ministers later.

Nevertheless, Commission officials are hoping to use these policy recommendations to introduce a more effective system of economic co-ordination and surveillance. Consequently, the Commission will demand in the coming weeks that countries present programmes showing bow they intend to meet the

European monetary chief to retire in mid-1997

By Peter Norman in Bonn

Mr Alexandre Lamfalussy, the president of the European Monetary Institute and an important figure in preparations for European economic and monetary union, will retire in the middle of next year and is likely to be sncceeded by Mr Wlm Duisenerg, president of the Netherlands central bank.

The Frankfurt-based EMI announced yesterday that its council, consisting of Mr Lamfalissy and the beads of all EU central banks, unanimously recom-mended that European leaders sbould appoint the 60-year-old Mr Duisenberg to the EMI presidency from July 1 1997.

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A supporter of German-style monetary policies, he has been more liberal than the Bundesbank in his approach to financial markets. He occupies a middle position in central banking philosophy between Mr Hans Tietmeyer, the Bundesbank's hardline president, and Mr Eddie George, the more market-oriented governor of the Bank ni England.

If appointed, and if Emn goes ahead as planned on January 1 1999, Mr Duisenberg will stand a good chance of being the first head of the independent European central bank (ECB) and hence one of Europe's most powerful economic policymakers. The ECB, also to be in Frankfurt, will replace the EMI when Emn starts and will take charge of the single monetary policy and interest rates of countries in the Emn area. Mr Lamfalussy, a sprightly 67-year-old Belgian baron, said vesterday that he was retiring from the EMI because of his age. His three-year contract runs out at the end of this year but

the EMI council agreed unanimid-1997, when Mr Duisenberg could take over. Mr Dnisenberg, the Dutch central bank bead since 1982, was planning to quit bis post after the Netherlands presidency

of the European Union in the

first balf of next year. The

Netherlands Bank said Mr Nout

Continued on Page 14 Observer, Page 13

Holzmann move fuels By Michael Lindemann in Bonn Philipp Holzmann, Germany's biggest construction group, yes-terday appointed a new finance director from Deutsche Babcock, increasing speculation that it may merge with the struggling German engineering group. The appointment of Mr Rainer-Klee, finance director at Dentsche Bahcock, comes as Holzmann faces a hostile takeover bid Mr Klee will replace Mr Michael Westphal, who was ousted after Holzmann reported 1995 net losses of DM442m (\$290m). The were incurred after Holzmann overvalued several of its support to the idea that Holzmann will try to take over Bab cock to create a larger power, construction and engineering Such a group, publicly mooted earlier this year by Mr Heyo Schmiedeknecht, Deutsche Babcock's chief executive, would be

Queen Elizabeth and Jacques Chirac ride in an open carriage on the first day of the French president's visit to Britain yesterday. His arrival coincided with discordant strains in the UK Conservative party about Europe Page 8; State of delusion, Page 12; Observer, Page 13

Lisbon launches second offering in Portugal Telecom

Portugal's socialist government yesterday launched a secondary global offering of 22 per cent of Portugal Telecom, worth Es139bn (\$885m) at current prices.

The sale, which is the first privatisation by the socialists since they took office six months ago, will reduce the state's holding in PT to 51 per cent following an initial public offer of 27 per cent in June 1995.

ter reflects market prices, an The offer will be concluded at a exercise which bas cost DM457m in provisions, write-downs and special session of the Lisbon stock exchange on June 11, and bas been timed to avoid clashing But analysts said further losses with a global offer of Deutsche could not be ruled out. A report by the consultancy KPMG Deut-sche Treuhand, commissioned by Telekom scheduled for Novem-

Soon after taking power, the government committed itself to privatise 22 companies within two years. a much more ambi-tious programme than that of the the previous centre-right admin-

would concentrate its domestic Mr Antonio Guterres, the prime minister, told parliament early this year that privatisation business on five branch offices and not the 10 it had been operatwould promote greater social jus-

said. Some 60 per cent of the PT offer is to he sold directly to international institutional investors through a book-huilding system, and the shares will be quoted in Lisbon, London and New York.

The remaining 40 per cent will be sold to Portuguese investors through a public offer that involves discounts and tax incentives for small savers and PT employees. Merrill Lynch, SBC Warburg, Union Bank of Switzer-land and Portugal's Banco Essi, the global co-ordinators of the 1995 offer, have been re-appointed for the secondary offering.

Shares in PT have risen by more than 21 per cent since they were offered at Es2,800 last June and analysts are expecting strong demand for the second phase.

The offer price is to be fixed on June 10, on the basis of demand through the book-building system and using the average share price during the first four months of 1996 as a reference The price for small investors is to be capped at 5 per cent above the average market price over the

small investors will be able to

Continued on Page 14

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The various stakes that Holzmann has in construction companies in Germany and tice, equality of opportunity and offer period. economic integration. This. For the first time in Portugal rather than the size of the public abroad would be consolidated sector, was today the true differ-ence between left and right, he into a smaller number of operat-CONTENTS. European News2,3 International News........4 Asia-Pacific News6 Leader Page 13
Leners 12
Observer 13
Technology 10 Managed Funds 26,27

LONDOM - LEEDS - PARIS - FRANKFURT - STOCKHOLM - MADRID - NEW YORK - LOS ANGELES - TOKYO - HONG KONG © THE FINANCIAL TIMES LIMITED 1996 No 32,984

Turkish blow

Turkey's constitutional court yesterday threw tha country's

fractions conservative coalition government into further.
disarray after agreeing that a parliamentary confidence vote
in March contravened parliament's regulations and was
therefore invalid. However, the semi-official Anatolia news

agency reported that, while the ruling by Turkey's highest court "has annulled the government's vote of confidence, it does not suspend the [vote's] validity". Commentators said the

shaken by bitter disputes between its two coalition partners.

The court also declared that a vote extending the mandate of a western air operation based in Turkey to enforce a United

emergency rule in Turkey's Kurdish southeast region, were invalid.

John Barham, Ankara

court's decision is not retrospective, but establishes a legal

The ruling is seen as weakening further a government

Nations no-fly zone in northern Iraq, and the renewal of

Italy's north-south gap widens

The gap between the industrial north of Italy and the south

In the south, 37 per cent of households considered

has widened sharply during the past two years because of the

failure of the recovery to affect large areas of the Mezzogiorno, according to the annual report of Istat, the state statistics

themselves worse off last year, a 5 per cent increase over the previous year. Whereas in the north, only 3 per cent of

households considered they had insufficient resources to cope, that percentage doubled in the south. There, 6.8 per cent of

family heads were in search of work, triple the north's level.

The north-south gap was most evident on the islands (mainly

Sardinia and Sicily) where household spending has declined

university graduates in 1992 had found a job by last year. Only

Bulgaria acts on problem banks

Bulgaria's parliament yesterday approved a bank bankruptcy bill as a crucial part of its strategy to tackle the problem of loss-making banks and to win funds from international

International Monetary Fund mission currently in Sofia, urged

President Zhelyu Zhelev in a meeting yesterday to sign the bill into law as quickly as possible. The iMF visit has coincided with a crisis of confidence in the currency and in Bulgaria's

deht-laden banks, which forced a drastic increase in interest

A government plan has identified nine of the country's 47 banks as being "in a difficult financial condition to which all options of restructuring can be applied." and it suggests the

Eastern Germany's trade with the rest of the world grew last

slump in trade with traditional markets in central and eastern

Europe, companies in eastern Germany have concentrated on

expanding trade with western countries.

The biggest increase was with the US, where trade grew by

84 per cent and for the first time crossed the DM1bn (\$600m)

level. Russia remains east Germany's largest trading partner

in central and eastern Europe, accounting for 13.8 per cent of

exports and 20.8 per cent of imports, in total, central and eastern Europe accounted for 35.5 per cent of exports from east Germany and 40.8 per cent of imports.

Total exports from eastern Germany rose 12.4 per cent to

resulting in a slight dip in the region's overall trade surplus

total foreign trade increased slightly from 1.7 per cent to 1.9

which stood at DM1.4bn. East Germany's share of Germany's

Frederick Stüdemann, Berlin

DM13.9bn, but imports went up 18.1 per cent to DM12.5bn,

for the fourth successive year. Istat also revealed that only two thirds of the 88,000

a third of those entering university completed their

lending institutions. Ms Ann McGuirk, head of an

E German trade up 15.4%

year by 15,4 per cent to DM26.3bn (\$17.5bn), the federal

economics ministry announced yesterday. Following the

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to coalition

EUROPEAN NEWS DIGEST

EU-US strains show over Bosnia

By Bruce Clark in Brussels

The fragility of US-European co-operation in Bosnia has been highlighted by the angry reaction of European Union foreign ministers to a critical press comment by Mr Richard Holbrooke, chief architect of the Dayton peace accord.

Mr Holhrooke, till recently an assistant US secretary of state and now an investment banker, wrote in Time magazine that "important Europe officials" were writing off the vision of a reintegrated Bosnia and preparing for partition. He also asserted that the military parts of the Dayton agreement had been well implemented by the US-led Nato force, while

successful because of "mes ineffective arrangements" sisted on by Europe.

A senior European diplomat said there had been "a lot of harrumphing" over the article at the EU foreign ministers' meeting this week, especially from representatives of Britain, France and Germany which co-sponsored the peace. European officials insisted that the EU was taking the lead in efforts to reintegrate Bosnia by working to promote more mod-erate forces in the Serb-held area and undermine the power of the hardline leader Mr Radovan Karadzic

They added that hlaming Europe for "messy arrange-ments" in implementing the accord was unfair: the UK,

The Council of Europe decided on yesterday to postpone Croatia's admission indefinitely, pending progress on democratic reforms in the former Yugoslav republic, Reuter reports from Strasbourg. It is the first time in the history of the 39-nation organisation, created in 1949 to promote democracy and human rights in Europe, that the Council has not immediately endorsed a favourable vote by its parliamentary assembly.

and US policy in general, the

row was a reflection of the ner-

vousness on both sides of the

Atlantic about the prospects

for the Bosnian peace process.

of its hardest phases as policy-makers try to reconcile the

expediency of holding elections

as soon as possible with the

principle that refugees have the right of return. In the EU-

administered city of Mostar.

Moslems have complained that

TOTAL MARKET

MANUFACTURERS:

The process is entering one

France and Germany had waged a hard struggle, in the teeth of US resistance, to secure a clear mandate for Mr Carl Bildt, head of the civilian

part of the peace effort.
One official suggested that
Mr Holbrooke might be preparing to use the Europeans as scapegoats in the event of a breakdown in the Dayton agreement. While European officials were careful to distinguish between Mr Holbrooke

will simply consolidate the effects of the 1993 siege by Croat forces which forced many residents to flee.

holding elections this month

Observers say the ability of any outside power to fine-tune events in Bosnia will be severely limited if the US acts on its promise to terminate its military presence at the end of the year, and Britain and France follow suit. Mr Hans van den Broek, EU commissioner, has incurred British, French and German wrath for suggesting the EU should send a force to Bosnia in 1997.

The wide range of views within the EU on defence co-operation was highlighted yesterday at a session of the intergovernmental conference

100.0

on EU reform. The Italian presidency floated the idea that EU foreign ministers' meetings should sometimes he joined by the defence ministers from the 15 member states - a step that

would be tantamount to giving the Union a military function. However, Britain opposes this idea, as well as a sugges tion from both Germany and Italy that the EU's role as a sponsor of peacekeeping and bumanitarian task forces should be written into the Union's founding treaty. Another proposal for amending the treaty - to water down article 223 which effectively excludes arms sales and defence issues from EU husiness - was opposed by Britain and several other states.

By John Griffiths

Western Europe's new car market rose 12.1 per cent last statistical anomalies.

Two extra selling days in April, compared with the same

around 3 per cent. Even this gives a falsely

The ACEA's statistics showed mostly modest yearon-year registration increases in all 17 markets monitored.

The Volkswagen group reinforced tts already clear dership, its 2 registrations representing a 17.6 per cent rise on the same month a year ago. General Motors retained second place with a 6.1 per cent rise, but its own lead over third-placed Fiat was sharply reduced by a

Mr Caruana says a GSD gov-

ernment would, in contrast, participate in a 10-year-old negotiating framework between Madrid and London

called the Brussels process. It

was set in motion when Spain

joined the European Unioo

with a brief to negotiate "all

aspects of the future of Gibral-

tar". These talks have been

systematically boycotted by Mr Bossano, who likens calls for a dialogue with Spain to "flog-

Mr Bossano intends to take

his free association venture to

the UN's decolopisation com-

mittee later this year, but he is

likely to receive scant support

from the UK's Foreign Office.

The official view from London

is that, under the terms of the

1713 Treaty of Utrecht, by

which Spain ceded the Rock to

although be warns that the

GSD will not give "an inch on

eign secretary, gently indicated

that the future of Glhraltar lay

the message is gradually get-

ging a dead horse".

Car sales get help from the calendar

month year-on-year. But the European Antomobile Mannfacturers Association (ACEA) yesterday dashed hopes of a new sales recovery by attributing most of the increase to

month a year ago, in some of Enrope's biggest markets accounted for most of the increase, an ACEA spokesman

This meant that the 14.4 per cent increase in new car registrations (to 340,000 units) in Germany became around 4 per cent in real terms. Similarly, a 13 per cent rise in France (183,000 units) was reduced to

optimistic picture of the French market according to ACEA. Some 29 per cent of April's registrations are considered to have been the result of government incentives to buy new cars. Without them, the French market would bave slipped below 1995 levels

A longer selling month also influenced a 17.1 per cent rise in the UK, although the 7 per cent real growth there was seen as a sign of returning

confidence.

17.5 per cent jump in the Italian group's registrations.
Meanwhile the pace of Kor-

ean manufacturers' growth in western Enrope's market slackened in April - but only to 45.8 per cent growth year on year, compared with 68.8 per cent for the first four training and arming of the IRA approval of their host country. | months of the year as a whole.

Dini bows out with spending cuts package

By Robert Graham in Rome

Italy's outgoing government has prepared a package of spending cuts and fiscal adjust-ments to hold the 1996 hudget to its targeted deficit of 5.9 per cent of gross domestic product. The package – finding some

L12,000bn (\$7.7bn) in spending cuts and fresh revenues - is ready to be introduced either by Mr Lamberto Dini in his final days as premier or by the incoming centre-left adminis-tration of Mr Romano Prodi. Yesterday Mr Prodi met Mr

Dini to decide which course to take. The centre-left Olive Tree alliance was anxious in the wake of the elections that Mr Dini carry out corrective measures to his 1996 budget, claiming the responsibility was his. However, Mr Dini was reluctant to act alone and the centre-left began to have second

Mr Prodi, a Bologna economics professor, let it be known he would prefer to be able to link the package to the announcement of the next three-year macro-economic for the 1997 budget. But this course risked losing as much as a month. Thus the discussion in recent days has focused on Mr Dini and his economics team both preparing and pres-

enting the package.

The main emphasis will be on spending cuts - carefully selected to avoid antagonising the trade unions who are behind the incoming government. The axe is expected to fall mainly on transfers to the state railways, where some L2,000bn can be cut, in part through dexterous accounting on pension payments.

Other cuts will come in transfers to Sace, the export credit guarantee organisation, to Anas, the state road-building authority, and parliament'a discretionary spending fund. Parallel with this, a freeze is likely to be introduced on civil service and local government

recruitment. Savings will also come from a campaign control-ling invalid pension fraud. On the revenue side, the government appears to have opted for the time-honoured emer-

1.2.000hn. These will include raising taxes on green petroleum (not in the consumer price index), further taxes on the lottery, and yet another extension of a two-year-old tax

amnesty. This is especially important in north-east Italy, where busi-nesses refused to take advantage of the amnesty as part of a broader protest against the poor value for taxes paid to the central government.

The same people are regarded as the core of the protest vote sympathising with the populist Northern League of Mr Umberto Bossi, who championed the secessionist card in the April elections. The budget shortfall has

been caused by over-optimistic

projections on the trand in interest rates which has meant a higher than expected cost for the service of Italy's debt. Revenua has also been affected by a slowdown in the economy, which is now likely to grow by less than 2 per cent against the 24 per cent proj-

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588,225	+3.5	128	13.2
566,745	+4.1	12.3	12.8
19,019	-7.6	0.4	0.5
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540,788	+6.9	11.7	11.8
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271,843	+4.8	5.9	6.0
141,083	+0.2	3.1	3.2
130,760	+10.2	2.B	2.8
159.888	+13.1	2.5	3.3
63,233	-22.2	1.4	1.8
127,811	+3.B	2.8	2.9
			2.5
	+9.8	1.5	1.5
63,089	-4.5	1.4	1.5
54,444	+24.4	1.2	1.0
489,174	+5.5	10.6	10.6
80.576	4.68.B		1.1
1,219,500	+6.4	26.5	26.6
693,700	+4.5	15.0	15.4
	+12.6	16.0	15.2
681,200	+1.4	148	15.6
300,100	+6.6	6.5	6.5
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WEST EUROPEAN NEW CAR REGISTRATIONS

January-April 1996

Volume Change(%)

Intelligence community fears return to suspicion and hostility of cold war era

Russia insists it will expel UK 'spies'

By Jimmy Burns in London and John Thornhill in Moscow

Russia's foreign ministry said yesterday that Moscow would stand by its decision to expel British diplomats caught up in SDYII signs that the intelligence world has returned to cold war levels of mutual suspicion and

Both the foreign ministry and its UK counterpart are still hoping that a diplomatic face-saving formula will be found to defuse the row. Instead of high profile tit-fortat expulsions, officials on both sides had been considering a staggered replacement of a lim-ited number of embassy staff on both sides over an extended

The fact that the dispute

curmudgeonly chief minister of Gibraltar

since 1988, does not mince words when he asks the Rock's

18,000 voters to give him a

third successive term in tomor-

row's elections. "Give Spain no hope," proclaim the posters of

his Gibraltar Socialist Labour

Mr Peter Caruana, a barris-ter seeking to unseat Mr Bos-

sano, meets the GSLP cam-

paign head-on as he tours the

THE FINANCIAL TIMES
Published by The Financial Times (Europe)
GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany, Telephone ++49
69 156 850, Fax ++49 69 596 4481, Represented in Frankfurt by J. Walter Brand,
Willbelm J. Brüssel, Colin A. Kennard as
Geschäftsführer and in London by David
C.M. Beil, Chairman, and Alan C. Miller,
Deputy Chairman, Shareholders of the
Financial Times (Europe) Cindle are: The
Financial Times (Europe) Ltd., London and
F.T. (Germany Advertising) Ltd., London
Shareholder of the above mentioned two
companies is: The Financial Times Limited,
Number Our Southwark Bridge, London
SEI 9814.

PRANCE:
Publishing Director: P. Muravigin, 42 Ruo
La Boétie, 75008 PARIS, Telephone (01)
5376 8254, Fax (01) 5376 8253, Printer:
S.A. Nord Existr. 1521 Rue de Carre,
F-59100 Roubust Cedex 1 Editor: Richard
Lambert ISSN 1148-2753. Commission
Partiage No. 67805D.
SWEDEN:
SWEDEN:
RESPANSIBLE Publisher: Hugh Carreer, 468.
RESPANSIBLE Publisher: Hugh Carreer, 468.

SWEDEN:
Responsible Publisher: Hugh Carnege 468
618 6085. Printer: AB Kvillstidningen
Expressen. PO Box 6007. S-550 06.
Jödkeping.
C. The Financial Times Limited 1996.
Editor: Richard Lambert.
ob The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
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party (GSLP).

THE FINANCIAL TIMES

appears no closer to resolution is viewed by some as confirmation that a period of co-operation between Russian and western intelligence services has come to an end.

The private fears of western its and inte cials was expressed yesterday by Dr Mark Galeotti, a leading Russian expert and professor of history at the University of Keele in the UK. "What is happening in Moscow is a symptom of the increasing tension between intelligence services. The honeymoon period of co-operation is definitely over and they are once again moving towards a position of dia-metrically opposed interests,"

in Moscow, foreign diplomats and academics report that contacts with government officials

No hope for Spain means no

he has alienated both Britain

and Spain in the process, and the Rock, now more a backwa-

ter than ever, is no longer the

cosy place it was. Professionals and shopkeep-

ers have flocked to Mr Carnana

deliver an offshore finance cen-

tre and has undermined tour-

Mr Bernard Linares, a one-time Catholic priest and for-

mer beadmaster of the boys'

comprehensive school on the Rock who is running on the

years of Bossano rule had

amounted to "a cancer eating

Such dramatic talk has

away at our moral fabric".

ecause the GSLP has failed to

hope for you."

Madrid.

have become notably more frosty since the spy scandal broke. They say it is becoming increasingly difficult to distinguish between what they believe are legitimate inquiries and what Russian security services mi

gence gathering. At the same time, liaison between western intelligence services and their Russtan counterparts in the SVR. which conducts espionage activities abroad, on issues of common concern bave effectively been frozen.

Western intelligence officers have taken little comfort from what media reports have publicly conveyed as an apparent domestic conflict between the Tiberal" Russian foreign ministry and the more "hardline" counter-intelligence service.

the FSB. They are attaching for which the KGB had been much greater significance to the fact that they can no longer trust their counterparts, regardless of whether they are in the FSB or the SVR.

It is understood that the Rus-OINCISI arrested last week in connection with the UK spy ring was part of an intelligence gather-ing operation which in a period of co-operation would not have been necessary.

in the aftermath of the cold war, western and intelligence agencies forged links on counter-terrorism, money laundering and nuclear proliferation.

At one point M16 and M15, respectively the UK's foreign and domestic intelligence services, were provided with partly responsible. Western intelligence services

now believe, however, that their Russian counterparts have shifted away from co-operation towards spying on technological and targets as well as on the activities of anti-Russian groups and governments in the former Soviet republics. As a result, spies on both sides believe that the best national interest lies in redirecting their activities against each other.

There could still be an ironical twist to the spy story if and when expulsions are announced. For those expelled may include intelligence offi-cers on both sides who had been allowed in the postwar detailed information about era to function with the tacit

Loss for French post office

The French post office yesterday reported a loss for 1995 of FFr1.2bn (\$230m) in the face of growing competition and falling demand for the use of its postal services. Revenues fell by 1 per cent to PFr80.5bn for the year, largely reflecting a drop in postal activity in the face of private courier services, as well as the impact of the industrial unrest in France at the end of last year. By contrast, revenues from its financial services activities - including the sale of investment and life assurance contracts - rose 7 per cent to FFr20hn.

The post office stressed its commitment to keep reducing its levels of debt, which stood at FFr31.1bn at the end of last year. It expected to return to break-even during 1997 and no longer received any state subsidy when it ran into deficit and was obliged to borrow from the financial markets, It paid a new payroll tax for the first time last year, at an additional cost of FFr1.3bn.

Czech telecom sale defended

The Czech economy ministry yesterday defended its handling of the sale of a stake in SPT Telecom, the national telephone company, to a foreign partner after a court decided part of the sale process was invalid. In a joint statement, Mr Karel Dyba, economy minister, SPT and the state holding company, said the court decision was "unjustified" and did not affect the sale of 27 per cent of the company to TelSource, a Dutch/Swiss

consortium. last summer.

A commercial court ruled that an SPT shareholder meeting in February 1995, which cleared the way for the sale of the stake, was invalid because Mr Dyba did not hold a proper power of attorney over the holding company's stake in SPT. The telecom company is to appeal. Vincent Boland, Progue

ECONOMIC WATCH

Spanish inflation

Inflation on the rise in Spain

Annual % change in CPI

hold its benchmark interest rate at 7.5 per cent after a quarter-point reduction last week. Although the increase went against most forecasts. the economy ministry described the inflation performance as "positive". There would have been a

Spain's 12-month inflation

rate edged up to 3.5 per cent in April, reversing a trend

which saw the rate fall to a

25-year low of 3.4 per cent in

March. The consumer price

which yesterday decided to

figure confirmed warnings

from the Bank of Spain.

further fall had it not been for higher oil prices and the impact of the "mad cow" disease scare, which pushed up prices for chicken and other products bought in preference to beef. The overall index climbed 0.6 per cent from the previous month. However underlying inflation. omitting energy and fresh food, was 0.3 per cent, hringing the year-on-year rate down from 4.2 per cent to 3.9 per cent. The ministry said there were grounds to expect some easing of inflation in the remainder of the year. David White, Madrid Dutch retail sales in March were up 0.2 per cent from a year earlier, and first quarter sales were up 2.1 per cent vear-on-vear. March sales volume was up 0.1 per cent ar-on-year and prices also rose 0.1 per cent

the British crown as a colony, any new constitutional arrangement must he sanc-The effective Spanish veto means that Mr Bossano's venture is a non-starter. A far more realistic poth lies in the Brussels process which Mr Caruana would seek to join,

■ German wholesale prices rose 0.2 per cent in April from March, and fell 1.1 per cent from April 1995.

formy poll campaign breaks over the Rock the six square kilometre Brit-Gibraltarians face a stark choice when they ish crown colony, megaphone in hand. "You don't need a dic-tatorship to be safe from Spain. vote in tomorrow's elections, writes Tom Burns



become commonplace in Gibraltar since it came to terms with the spread of tobacco (and increasingly of hashish) smuggling. The smuggling commu-nity embarked on vicious rioting last July when Mr Bossano under pressure from the UK. itself under pressure from

groups and confiscate their fast launches. The unprecedented violence prompted a huge counter-dem-onstration by Glhraltar's otherwise silent majority, including the Catholic and Anglican churches, the five synagogues and one Hindu temple

Spain, finally began to crack

down on the contrahand

The passions and the politics of a small town at the tip of Europe would not matter much to the outside world, but for the Rock's shadow over Brus-sels - where the UK is at pains to press European Union directives on a reluctant Mr Bos-sano - and even over the United Nations, where the issue of Gibraltar's decolonisa-

tion is regularly raised by both Spain and Mr Bossano. Thursday's poll is rightly termed a "landmark" or a "watershed" by the candidates. But it is also of vital importance to relations between Spain and Britain. A GSLP victory and a new

term for the confrontational

Mr Malcolm Rifkind, the Brit-

Mr Bossano would make the Gibraltar problem more intractable than ever and continue to sour contacts between Madrid and London. Should Mr Car-uana's GSD win power there would at least be the possibil-lty of a diplomatic solution, and the chance of economic viahility for the Rock.

sovereignty".

Lord Howe, when he set the
Brussels talks in motion as for-Mr Bossano says he is seeking a mandate for self-determination. Should he win tomorrow, he will next week present in reaching an understanding with Spain. The campaign for ish foreign secretary, with the draft of a new constitution for tomorrow's election suggests Gibraltar that would transform its present colonial status into ting through

France begins budget struggle

By David Buchan in Paris

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Viol-

The French government yesterday began the long baul of preparing its parliament for deep spending cuts in its budget for 1997, when it hopes to qualify for European monetary

At the start of a two-day National Assembly budget debate, Mr Jean Arthuis, the finance minister, said the gov-ernment's aim was to hold overall 1997 spending at this year's planned level of FFr1 552hn (\$302ho) and to lower the budget deficit for the second successive year by 0.5

roughly FFr40bn. Mr Arthuis made clear the upward drift in debt charges, civil service pay and joh subsidies - coupled with weak growth in tax revenue - would make it barder to squeeze public spending next year. But be did not specify yesterday where the axe would fall oo 1997 expenditure. This will be negotiated among ministries during the summer and announced in the autumn.

But the finance minister said the only sector "ring-fenced" from further cuts would be defence, after the government this week laid out a six-year programme confining military spending to FFr186hn a year. This plan entails cuts and delays in defence programmes, bringing immediate protests from naval yards yesterday.

in parliament yesterday Mr Arthuis only hinted at possible cuts in the civil service, but Mr Pierre Mêhaignerie, chairman of the finance committee, considering non-replacement of 10,000 civil servants retiring in each of the next three years.

The unions reacted angrily to Mr Méhalgnerie's revelation, which came after they had signed an agreement with the government to give permanent civil status to some 37,700 temporary "agents" over the next four years. Government budget-cutters are eveing other areas, including some of the 40 types of job subsidy that cost

NEWS: EUROPE Kuchma takes tough stance over reforms

By Matthew Kaminski in Klev

Mr Leonid Kuchma, Ukraine's presideot, has threatened cabinet ministers with dismissal if they stand in the way of market reforms, Mr Kuchma's pusb to strengthen

executive control is seen to be motivated by growing domestic anxiety about imminent Russian presidential elections and the need to meet stringent International Monetary Fund conditions on a critical loan approved last week.

Poor economic management and lack of policy co-ordination have undercut Mr Kuchma's stated commitment to turn around east Europe's

ties commission discovered

several irregularities, includ-

ing suspected insider trading.

Safi, the financial group which

founded and ran FMOA, has

also ceased management of the

Bucharest newspapers

reported yesterday that several

leading individuals linked to

Safi and the fund had with-

drawn their investments in the

month before its first suspen-

sion for 10 days from April 29.

One report suggested 22 indi-

viduals, including Mr George Danielescu, the former finance

minister who set no Safi in

1993, had withdrawn a total of

510m lel (\$170,000) hefore a 45

per cent or \$71m markdown in

the value of the fund's units

prompted by new regulations

requiring funds to calculate

their value on current rather

than projected earnings and assets. FMOA, which had been

the country's largest fund,

with more than 200,000 inves-

tors, was the only one not to

comply immediately.

was made public.

The markdown

troubled fund.

Ukraine's shaky independence.
The president on Monday rehuked ministers responsible for industry, agriculture and energy for failing to meet revenue targets and exceeding spending limits in the 1996 budget. A decree stipulates ministers and enter-prise directors who fail to pay salaries on time will be fired.

"I bave warned all the ministers: if it continues to go as it has to this day, these ministers and this cabinet are not needed by the natioo." Mr Kuchma said.

The president also indicated political deadlock would end only with the adoption of a new constitution. The

tions between the president, parliament and caninet. The supporters of a draft constitution argue clearer political ground rules would make it easier to set and implement policy. Mr Kuchma has stepped up pres-

sure for its adoption before presiden-tial elections in Russia in June. Leaders in Kiev argue a constitution must be in place in case a communist vic-tory strengthens Russian hardliners opposed to reform in Ukraine.

Communist and socialist MPs oppose the draft's strong presidency. Yesterday several walked out of constitutiooal talks. Many analysts expect Mr Kuchma to call a referen-

murky division of powers strains rela- dum and bypass parliament in the coming weeks.

But the IMF also looms large. The Fund withheld support for six months until approving a \$867m loan last week to be disbursed in closely monitored montbly tranches. Ukraine promised to keep inflation below 42 per cent, speed privatisation and hold the budget deficit at 6.2 per cent of gross domestic product.

The indicators so far are good. Inflation last month fell to 2.4 per cent, the lowest rate in two years. The karbovanets currency remains stable. Officials took heart from a reported 18 per cent jump in exports, at \$2.8bn, in the

However a vicious circle of wage arrears, inter-enterprise debt and poor tax collection threatens to stretch the budget deficit. In the first quarter the deficit already exceeded 10 per cent of GDP, prompting worry about Kiev's ability to reduce spending or boost revenues in line with IMF demands. Mr Knchma's crackdown is intended to do this.

Ukraine needs the IMF support to cover foreign debt - largely Russian energy imports - and the budget defi-cit without stoking inflatioo. The country budgeted for \$20n in outside financial support this year, its second IMF-tailored attempt at economic sta-

by way of a "secure third coun-

try" or from a "secure home country". European Union

nations and Germany'a neigh-

bours counted as secure third

countries; secure home coun-

tries include nations such as

Ghana, where buman rights

organisations have said the

Another disputed element

was the so-called airport rule,

allowing authorities to turn

away an asylum seeker from a

secure home country or a for-

eigner without a valid passport

in the transit area of a German airport. The law gave the right

of appeal against such a deci-

sion but the rules were set to

ensure rapid deportation in the

In its judgment, the court backed the government's right to turn away asylum seekers

from a secure third country. It

determined that German legis-

lators had some discretion to

determine which nations were

rights for asylum seekers.

event of a lost appeal.

death sentence is applied.

Greece cleans up in beach contest

There is money in keeping beaches clean, according to the EU Commission's latest data on the dirtiest and cleanest bathing areas in the union. EU countries with coastlines

that generate cash from tourism are the best at ensuring their seas can he swum in. Greece scores nearly full marks, with 98 per cent of its 1,526 bathing areas meeting water quality conditions laid down by the Commission. Spain is close behind with 96 per cent.

Another top scorer ia Ireland, where if ever there are any swimmers they are guaranteed clean bathing conditions on 98 per cent of the beaches. Part of the explanation for this, according to an EU official, is that Ireland bas only 108 beaches to worry

The poorest performers are Germany, where only 61 per cent of beaches meet the criteria, and the UK, with 89 per cent. France too has a poor rating, mainly because it has failed to provide sufficient

The Netherlands comes bottom of the class for the quality of information provided. But the most disturbing pic-

ture to emerge from this year's data is the state of Europe's lakes and rivers. Over 30 per cent of the 1,700 inland water areas used frequently by bathers fail to meet the minimum standards of water quality.

Luxembourg is one of the worst offenders. Would-be bathers are advised not to ven-ture into 15 per cent of the "fresh" water bathing areas, In Spain 31 per cent of inland waters are deemed

unfit for swimmers.

The figures are part of the Commission's 13th report on the quality of water from the Mediterranean to the Baltics. which found more than 3,000 ont of 18,000 bathing areas failed to meet EU rules on water quality, or had not been monitored well enough to justify classifying their condition.



An angry FMOA investor talks to other depositors in Bucharest yesterday

the sector in general - has ment decisions had been illegal plummeted since the markdown was announced and the securities commission began its investigations. Safi offices around the country bave been inundated by thousands of investors.

The commission said that hy this week FMOA had received withdrawal requests for about 55hn lel hut that It had funds to cover only 47bn lei. Previously. Safi officials said the fund could stand immediate withdrawals of up to 100hn lei. Since the first investigations the fund's net asset value has

also been marked down a fur-

ther 7.2 per cent to 254hn lel. In

a statement, the commission

said some of the fund's invest-

and that it had not diversified its portfolio sufficiently. The fund is believed to have

made significant loans to Elvila, a furniture company owned by Mr Viorel Catarama, a leading local entrepreneur and one of Safi's main backers. However, the commission

said the fund had some good medium- and long-term invest-ments and it might survive. Coopers and Lyhrand, the accountants, are to conduct an andit and a foreign investor

may be sought.

More than 85 per cent of Romanians participated in the country's privatisation programme by the end of the subscription period last month,

government advisers said yes-

Dewe Rogerson, the UK consultants, said a further 5 per cent of conpon holders had entered blds for five regional funds in April, the final month of subscription, Romanians had until the end of March to enter hids for nearly 4,000 state companies being sold off.

The coupons, which have a nominal worth of 875,000 lel, equivalent to more than three times the average net monthly wage, were distributed free to 95 per cent of those eligible, Fewer than 20 per cent entered hids in the first three month subscription period, forcing the government to extend the

and Togo who had been refused asylum. Germany's controversial Up to three of the eight judges dissented on some parts of the 234-page judgment. At issue were provisions that withdrew the right of asylum from people entering Germany

court backing

laws receive

German asylum

asylum laws, which have cut the flow of asylum seekers from developing countries in the past two years, were backed yesterday by the constitutional court in Karlsruhe. After six months' delihera-

tion, the court found the three central elements of a 1993 law to restrict Germany's hitherto liberal asylum laws were compatible with the constitution. The decision was greeted with relief by politicians from

the ruling coalition of Chancellor Helmnt Kohl, but sharply criticised by the Green party and refugee and human rights organisations. Ms Claudia Roth, leader of the Greens in the European

parliament, condemned the judges as "blind, deaf and dumb", while Mr Wolfgang Grenz of Amnesty International said the judgment was a serious blow to victims of political persecution and human rights violations, The law, a political compro-mise passed by the government

parties and the main opposition Social Democratic party in response to cases of racial violence and growing support for far right parties, reduced the flow of asylum seekers to 127,000 in 1994 from 438,000 in 1992. It was challenged by five

secure home countries. The court also backed the airport rule but specified limited extra



General Accident

	3 Months to 31.3.96 Estimated £m	3 Months to 31.3.95 Estimated £m
General Premiums	1,112	1,029
Underwriting Result	(96)	(14)
Net Investment Income	136	115
Life Profits	20	16
Operating Profit before Taxation	55	112
Operating Earnings per Ordinary Share	6.8p	16.6p

- Operating pre-tax profit of £55m follows severe weather property losses of £70m.
- Winter weather property claims cost £34m in the UK.
- Results in the United States and Canada adversely affected by severe weather but underlying trends remain encouraging.
- Net investment earnings up 13% in original currencies.
- Good new business production in UK life and pensions, assisted by acquisition of Provident Mutual.
- Current solvency margin 75%.
- Net assets per ordinary share 651p.

General Accident plc

General Accident plc. World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH

These results are also available on the Internet: http://www.ga.co.uk

Extracts from the reviewed consolidated results for the six months ended 31 March 1996

RAND MINES LIMITED

	Six months ended 31 March 1996 Reviewed	Six months ended 31 March 1995 Unaudited	Year ended 30 September 1995 Audited
Profit before exceptional charge (Rm)	14.6	8.0	62.6
Earnings per share excluding			
exceptional charge (cents)	17.1	3.9	84.7
Dividends per share (cents) – Interim	10.0		
-Final		<u> </u>	82.0
	31 March 1996 Reviewed	31 March 1995 Unaudited	30 September 1995 Audited
Total assets (Rm)	155.9	727.8	773.5
Net asset value per share			
Listed investments at book value (cents)	231.0	990.0	988.0
Listed investments at market value (cents)	778.0	4218.0	4715.0
Market value of listed investments (Rm)	446.3	2630.1	2927.2
Total liabilities to equity (%)†	13.3	23.3	31.2
Debt to equity (%) [†]	_	18.6	18.7
Current ratio	2.0	0.8	0.9
† Debt included preference share capital			

- Following the distribution of Ingwe Coal Corporation Limited ("Ingwe") shares to ordinary shareholders, the company and its wholly-owned subsidiary hold 17,166,667 Ingwe shares, being the company's only investment. Subject to the sale of certain of those shares to settle liabilities, the remainder will be distributed to ordinary shareholders in the final unbundling of the company which is foreseen to occur after 30 September 1996.
- The interim report of Ingwe, published in February 1996, indicated that results for six months to June 1996 should at least equal those of the six months to December 1995, in respect of which the company received an interim dividend of 35 cents per Ingwe share on 17,166,667 Ingwe shares held, amounting to R6,008,000.
- An interim dividend of 10 cents per share was declared on 9 February 1996, payable to shareholders on 22 March 1996.

Copies of the unabridged interim report are available from the UK Secretaries: Viadual Corporate Services Limited, 19 Charterhouse Street, London EC1N 6QP



China softens stance on tests

Western diplomats vesterday welcomed China's signal that it was prepared to show "flexibility" in its demand for the right to carry out "peaceful" nuclear explosions. They voiced optimism a global test ban treaty can be completed by the end-June deadline.

Mr Jaap Ramaker, chairman of the test ban talks, said the 38 participating countries had agreed to give the slow-moving negotietions new impetus to meet the June 28 target. "It will not be easy, it will be very tough [but] I'm confident that it can be done," he said.

The United Nations Disarmament Conference resumed negotiations this week after a month-long break for delega-tions to seek fresh instructions from their governments

During that time Russle joined the US, France and Britain in formally endorsing e global ban on all nuclear tests, however small. But China has continued to insist on the right to conduct peaceful nuclear explosions for large-scale civil engineering projects, a demand rejected by other nations, which say that such explosions are indistinguishable from military testing.

Mr Sha Zukang, Chine's chief disarmament negotiator, said late on Monday that Beijing was prepared to show "e reasonable degree of flexibility" on the matter, provided

other countries reciprocated. Mr Sha said China had proposed strict international control measures to monitor peaceful blasts, including prior notification and on-site inspec-

We don't want to see complete denial of the use [of such explosions] to developing economies. Others need to be convinced. We are running out of time." he said

There seems little chance that other countries will be persuaded to ebendon their opposition to peaceful nuclear testing. Nevertheless, diplomats took the relaxation of Beijing's rigid stance as a sign that China may now ba willing to compromise

China, alone of tha nuclear weapons states, has refused to jom a testing moratorium and aays it will continua testing until the treaty enters into force. France completed its final testing programme earlier

Other outstanding issues in the negotiations include India's demand for a commitment to total nuclear disarmament within a fixed time-frame, procedures for instituting on-site inspection when violations are suspected, end bow many and required to ratify the treaty for it to enter into force.

Business backs Peres in bid for peace dividends

Israel's captains of industry see a Labour electoral victory as vital for sustaining economic growth, writes Julian Ozanne



by businessing the electlon campaign of Mr Shimon Peres, the Isrseli prime minister, read like a roll call

recent

of Israel's most ISRAELI powerful cap-ELECTIONS tains of indus-try. While Mr

May 29 - Peres faces a tough challenge winning elections in two weeks' time, the majority of Israeli businessmen have rallied to his cause and expressed deep foreboding about the prospect of the rightwing Likud returning to power and destroying the Middle East peace process.

For the veteran 72-year-old

Labour politician, whose intellectual education was forged by the socialist Kibbutz movement, receiving the backing of profit-hungry businessmen has been a bonus in an otherwise heavy-going campaign in which he has often faced angry

The very public support by Israel's business élite for Mr Peres shows bow far the Labour Party has evolved from its image of sandal-wearing socialism and the importance of unfolding Arab-Israeli peace to future corporate profitabil-

Mr Peres is campaigning on e platform of continued economic reform and pressing ahead with the peace process started by the current government in 1993. Mr Benjamin Netanyahu, his

pledged to radical liberalisa-tion of the economy but his policies towards Arab nelghbours would effectively lead to the collapse of the peace pro-cess and risk e renewal of con-

Latest opinion polls show Mr Peres leeding Mr Netanyahn by 4-5 percentage points. "Shimon Peres, you are leading us to peace. You and only you are our choice," said the advertisement which appeared in two of Israel's most impor-

Among the two dozen promi-nent businessmen who signed it were Mr Benny Gaon, chief executive of Koor Industries, Israel's biggest and most profit-able conglomerate; Mr Shlomo Groffman, chief executive of Africa Israel, the country's biggest real estate and insurance company; Mr Eli Hurvitz, chief executive of Teva Pharmaceutical Industries; Mr Emmanuel Gill, chief executive of Elbit, a

Clal holding group. Following publication of the advertisement, more than 300 senior business executives, whose companies reportedly account for up to 75 per cent of private sector turnover, last week ettended e pro-Labour

big electronics and defence

manufacturer; and Mr David

Wainsal chief executive of the

convention in Tel Aviv. By unashamedly endorsing Mr Peres, corporate Israel broke e long tradition of political impartiality and silence at election time. "I believe chief executives

should not be involved in poli-tics," said Mr Michael Strauss, chief executive of the Strauss Group, e large diary manufac-

'This time it is very crucial for businessmen to come out of the closet to support the Labour party and the peace process'

Michael Strauss, chief executive, Strauss Group

'Our only chance of growth is to join the global market place and without the peace process this just won't happen'

Benny Gaon, chief executive, Koor Industries

'The [stock] market wants a Labour victory because of the peace process Gad Hacke

senior analyst, Batucha Securities

crucial for businessmen to come out of the closet to support the Labour party and the peace process For many Israeli business-

Not foreign direct investment \$ billion Real GDP growth annual % change



Benny Gaon: One of two dozen prominent busin publicly backed Peres in the election campaign

ments in the past four years since the Labour party took power make a Peres victory essential. Although many admit the government has under-performed on curbing

the budget deficit, controlling inflation and carrying out its believe continuation of the peace process is vital for

Since 1992, the economy has grown by an everage 7 per cent e year. The opening of new markets has fuelled an even faster growth of exports at

about 11 per cent e year. Foreign invastment has soared with the growing international perception of unfolding peace and stability in the region. According to the central bank, net foreign investment rose from \$534m in 1992 to \$2.2bn last year, of which \$870m was direct foreign investment in Isreeli compa-

Critical to many of Israel's biggest companies is the fact that the peece process has opened up new markets in southeast Asia, Africa, South America and the Middle East which were previously closed because of the political situation. The peace process also allowed Israel to complete a new trade association agreement with the European

Companies such as Koor, which accounts for 7 per cent of Israel's output, have rapidly exploited new trade opportuni-

"Israel is very small economy with a saturated market and our only chance of growth is to join the global marketplace end without the peace process this just won't hap-pen," said Mr Gaon. Another development busi-

essmen believe is threatened by e Likud victory is the increasing climate of international confidence in the stabillty of the Israeli economy. Since 1993, there has been a

flood of joint ventures between Israeli and foreign companies, ited Israel looking et it as e possible regional base, and Israel has benefited from positive changes in the attitude of internetional investment banks, particularly in Europe.

Thanks to the peace process, I have forged contacts with multinational companies and I know the international community shares our belief in the importance of continuing

the peace process," said Mr "Foreign investment and partnerships won't happen if the peace process stops and we have en obligation not only to our shareholders but also to our employees to speak in sup-

port of Peres."

The pro-Labour viaw is shared et the Tel Aviv Stock Exchange. "The market wants a Labour victory because of the peace process," said Mr Gad Hacker, senior analyst at Batucha Securities.

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"A lot of interest in Israeli shares is generated by foreign investors and they are big believers in a new Middle East and in peace and stability and there is a belief that if this is threatened foreigners will easily move their money to a different market."

Mr Peres and the Labour party know that the economy is not uppermost in the minds of the person on the street. Although many rank-and-fila

voters have enjoyed the fruits of Israel's new prosperity, secu-rity remains the overwhelmingly dominant electoral issue and on this front Mr Peres despite the ruthless pursuit of the "Grapes of Wrath" operation in Lebanon - continues to face a bitter battle for

US launches Internet |International broadcasters programme for Africa jostle for World Cup rights

By Mark Ashurst In Johannesburg

A five-year programme to improve access to the Internet, the global network of personal computers, in 20 African countries, was announced by US Vice-President Al Gore at the Information Society and Development Conference in Johan-

Speaking via satellite link-up from Washington, he said the "Leland initiative", named after Congressman Mickey Leland who died in an air crash over Ethiopia, aimed at spurring development and encouraging better govern-

"Doctors will be able to tan into medical databases, agricultural extension agents will have eccess to information on techniques for increasing crop which countries should be | yields and African students that prevented the transfer of will be able to learn by browsing through digital libraries."

are being finalised.

Delegates to the telecoms conference said, meanwhile, that private sector investment in the communications infrastructure of the poorest coun-tries could be achieved only by encouraging competition and removing obstacles to the free movement of information and

Tha conference, sponsored by the G7 group of industria-lised nations, has attracted ministers and delegates from more than 40 countries and the private sector to address the ...ing South Africa. widening technology gap. A consensus was emerging between developed and developed on the need for clear regulaoping countries. Mr Carlo di Benedetti, chair-

man of Italy's Olivetti, urged governments of developing netions to remove obstacles technologies to the developing world. These included inade-

Details of the programme, estimated to cost about \$15m, property rights, barriers to foreign investment and outdated regulatory systems.

The developing world now has a rare opportunity to make a quantum leap... to close the gap between rich and poor, not through traditional industrialisation, but by joining at the same level in exchange of skills and know-how," he said.

Tha conference will add impetus to calls for more rapid privatisation of the stateowned telephona companies which monopolise the sector in most African countries, includ-

tory frameworks if developing

countries were to hava a role in the knowledge-based global economy of the future. But resolutions emerging from the second day of the three-day conference avoided the subject of privatisation.

By Jimmy Burns In London

An impressive list of international broadcasting and marketing groups have lined up to bid for the world broad-casting rights for the football World Cup finals in 2002 and

Capital Cities/ABC, the subsidiary of Walt Disney, and owner of ESPN, the US cable sports network programme, emerged yesterday as the most recent eddition to a list that been growing in the lead-up to today's submission deadline set by Fifa, the world governing body for football.

Other initial bidders are Mr Rupert Murdoch's News Corporation; t e international Management Group, the sports company headed by Mr Mark McCormack; the Swiss-based sports company CWL-Lntbi; ISPR of Germany; and Team, arm for the Champlons League

run by Uefa, the European football union.

All the companies are challenging the rights beld in previous World Cups by the international consortium led by the European Broadcasting Union which buys TV sports rights on behalf of public service

Fifa attacked over handling of negotiations

The EBU yesterday con-firmed that the consortium had already submitted its bid for the two World Cups after the expiry in February of an exclusive period of negotia- Fifa's long-term marketing contract. tions. The EBU has the rights outside the US for the 1998 World Cup.

In an internal memorandum, the Lucerne-based marketing Mr Joseph Blatter, Fifa's general secretary, urges members

of the organisation's executive committee to consider the bids carefully and discreetly, given that the amount at stake could run into thousands of millions of Swiss francs". However, the Fifa leadership

dling negotiations on both the broedcasting and marketing rights for future competitions.
Having initially informed interested parties that tha rights would be allocated on the basis of a slocal real case.

the basis of a global package, including both broadcasting and marketing, Mr Blatter has decided to sell the rights separately. Some companies believe this arrangement will to the advantage of agent ISL, at the expense of a more transparent bidding pro-

Meanwhile, Mr João Hevelange, the Fifa president, is expected to confirm today or

posals from a majority of the mittee that South Korea and Japan should co-host the 2002 World Cup. Instead, Fifa will decide on one of the two rival continues to face criticism about the way it has been banbids at an executive meeting on June 1. While Japan is thought to be strongly favoured by Mr Havelange, the executive committee is thought to be split on the

tomorrow he has rejected pro-

Last month, all eight European members of the Fifa execntiva committee joined a call from Asian and African football anthorities for the Cup to be co-hosted because of the increasingly intense rivalry of the two bidders to

European officials are concerned by the divisiveness of the bidding process, while developing countries want cobosting to become a cost-saving formula for the future.

CONTRACTS & TENDERS

ANNOUNCEMENT

The Central Bank of the Republic of Armenia announces a tender for printing and supply of new type

- The Central Bank of the Republic of Armenia (hereinafter the CBA) announces a tender on printing and supply during 1996-1999 of a new type of banknotes. These will be of 5 denominations with total quantity of 70-130 mln. notes. The Central Bank of Armenia invites all firms with relevant expertise to
- At initial completion of the contract for the full series, including delivery between 1996-1999, it is anticipated that two denominations (a quantity of 45 mln.) note will be immediately ordered. The printing of the remaining series can be determined more specifically by the CBA at a later date, but within the contract period.
- Potential tenderers should cover all expenses connected with preparation and presentation of the tender
- Tender submissions are to be made in English or Russian and sent to the Bank by mail. Prices in the tender submissions should be shown in US Dollars.
- A tenderer shall provide collateral of USD 30,000 with the tender submission. (Account of the CBA: Ciobank, account 36017162, New York, or Deutsche bank 9499120, Germany, or Swiss Bank Corporation - PO 1686621, Zurich, or Swiss Bank Corporation 101 WA - 147001-000, New York). Tender submissions without accompanying collateral will not be considered by the CBA. The collateral amount shall be refunded to the unsuccessful tenderers within 30 days of the closing of the tender. The successful tenderer will have his collateral refunded upon signing the contract and after contract
- If a tender submission is withdrawn prior to expiring of the tender period, no collateral refund will occur. In addition, if a successful tenderer does not sign the contract or present discharge guarant his collateral will also not be refunded.
- Tender submissions should be submitted to the CBA no later than 15 July, 1996.
- Tender submissions must include: prices per 1000 banknotes, banknote paper specifications, means of printing of banknotes and security features, terms and conditions of payment and supply, terms and ons of control over production and materials. Ancillary services suggested by a participant (consultancy, production of printing materials on banknotes, allocation of banking equipment banknote counting and sorting machines, equipment for packing and destruction, arrangement of a laboratory for banknotes analysis in the CBA, organisation of training of specialists of the CBA, as well as other suggestions at tenderer's discretion) can be also included in tender submissions.
- Requirements of the CBA for the banknotes of specific denominations and their quality are provided separately in "Terms and conditions of International tender on printing and supply of new type
- Interested firms can obtain "Terms and conditions of International tender on printing and supply of new type banknotes" approved by the Board of the CBA and other additional information from the following
- 10. All expenses of the CBA related to arrangement of this tender will be covered by the tenderer assumed as the winner of the tender.

THE CENTRAL BANK OF ARMENIA 375010. Yerevan 6 Nalbandian str. Republic of Armenia Tel: (3742) 589-734, 583-533, 580-653 Fax: (3742) 560-441, 580-653, AT&T 151-107

The Central Bank of the Republic of Armenia

CONTRACTS & TENDERS

CROATIA

INVITATION FOR PREQUALIFICATION **CONSTRUCTION OF HIGHWAY** ZAGREB - VARAZDIN - GORICAN SEMI-HIGHWAY SECTION POPOVEC - KOMIN. SUB-SECTION SV.HELENA - KOMIN

Date: May 10, 1996 Contract No: 345-04-01-4363/96

- 1. Pursuant to statutory regulation on procurement procedures for goods, services and works (NN 25796), Croada Roads Authority intends to prequalify contractors for the following works under the project of construction of highway Zagreb · Varazdin - Goriean, semi-highway section Popovec - Komin: Construction of the maint semi-highway route in total length of 9.98 km (from km 18+420 to km 28+400), interchange "Komin", bridge "Lonja I" and "Lonja II", erossings "Kreca Ves", "Novo Mjesto" and "Polonje", tollgate "Sv.Helena", landscaping, relocation and
- 2. Prequalification is open to firms and joint ventures from Republic of Croatia or any foreign
- Interested firms may obtain further information from and acquire the prequalification documents. from May 15, 1996, at the following office:

Hrvatske ceste

Voncinina 3, 10 000 Zagreh, Croatia Phone: +385 1 414 482 Fax: +385 1 441 856

- 4. Prequalification documents may be obtained from the address above upon payment of a nonrefundable fee of 300 Croatian Kuna to be paid to the account number 30102-601-82731 or 55 US\$ to be paid to the account number 70000-840-0182800-288 at Privredna banka Zagreb, If requested, the documents will be promptly despatched by registered air mail/express courier at the cost of a prospective applicant, but no liability can be accepted for loss or late delivery.
- Minimum criteria for qualification. average annual turnover in the last five years to be 25.000.000 US\$ equivalent
- successful experience as main contractor in the execution of at least three projects of a nature and complexity similar to the proposed contract within the last five years
- personnel capabilities
- equipment capabilióes
- financial position
- Inigation history 6. Applications for Prequalification must be delivered by hand or by registered mail to the address above not later than July 1, 1996 (12.00 noon). The envelopes must be sealed and clearly marked "Application to Prequalify for Construction of highway Zagreb · Varazdin · Gorican, semihighway section Popovec - Komin, subsection syrietena - Komin, contract no. 345-04-01-4363/96.
- 7. Hrvatske ceste (Croatian Roads Authority) reserves the right to accept or reject late submissions.
- 8. Applicants will be advised, in due course, on the status of their applications.
- 9. It is expected that Invitations to Bid will be sent in August 1996. 10. Only firms and joint ventures prequalified under this procedure will be invited to bid.

INTERNATIONAL NEWS DIGEST

Abu Dhabi in **BCCI** pay-off

collapsed Bank of Credit and Commerce international, yesterday paid \$1.55bn to the bank's liquidators as the basis of the long-awaited payment to creditors. A further \$250m will be held in an escrow account for release later. The terms of the settlement were finally agreed at the end of last year in the three jurisdictions in which the bank operated.

Yesterday's payment follows the passing of a deadline for appeals. Deloitte & Touche, the liquidetors, said it still boped to go ahead with a first dividend of 20 per cent this summer. It is hoped that more than 100,000 creditors will benefit. The bank collapsed in early 1992 with losses of \$10bn. The search for a creditors' settlement has been dogged by repeated setbacks and several court actions are still pending Eventually creditors may get up to 40 per cent of their losses plus any proceeds from court actions. Jim Kelly, London

Nigeria's first president dies

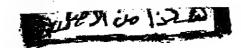
Nnamdi Azikiwe, Nigeria's first president, who died on Saturday aged 91, was a champion of African nationalism and master of compromise in his country's turbulent politics, Widely known as "Zik of Africa", the politician, scholar, poet and journalist helped to end the Biafran civil war that had

plunged his Ibo people into mass suffering. Mr Azikiwe was sworn in as Nigeria's first president in 1963 when it became a republic. He remained until the first coup d'état in 1966, which led to civil war in June 1967 when Ibos in the east set up the secessionist state of Biafra under then Colonel Emeka Ojukwu. An estimated Im people died, many from starvation, in the 30-month civil war. When Mr Azikiwe saw the hopelessness of the war he hastened its end by returning to the federal side. This was denounced as e sell-out by the Biafran leadership.

Egypt's privatisation challenged The leaders of three Egyptian opposition parties yesterday

took legal action to try to stop the government's privatisation programme, saying it was unconstitutional. The beads of the Islamist dominated Labour party and the leftist Tagammu and Nasserist parties along with lawyers and members of public sector unions asked Cairo's Administrative Court to overturn a cabinet privatisation decree. The opposition has challenged the government in the courts before but bas rarely succeeded The government plans to sell 14 industrial companies hotels and six department store chains, as well as part of the equity in at least 42 other companies. The opposition parties say privatisation is against the constitution, which states that the public sector belongs to the people.

Reuter, Cairo



Pressure for rise in US rates lessens

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Dank

The chance of an early increase in US interest rates receded yesterday after official reports had signalled modest growth and little underlying upward pressure on inflation

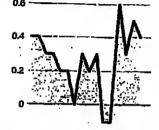
The Commerce Department said retail sales had fallen 0.3 per cent last month against expectations in financial markets of a zero increase.

Separately, the Labour Department said consumer prices had risen 0.4 per cent in the month and 2.9 per cent in the year to April.

However, the closely watched "core" consumer price index - which excludes food and energy - rose only 0.1 per cent, less than feared. This suggests that sharp recent increases in grain and oil prices are not yet feeding through into a broader rise in prices.

US inflation

Month on month % change in CPI



on Wall Street, as they appeared to confirm the reas suring signal on inflation from last Friday's producer price report. Bond and prices rose in early trading as traders bet that the Federal Reserve would not raise sbort-term interest rates at its policy meeting oext

By late-morning, the bench-mark 30-year Treasury bond was up half a point, pushing

the yield down to 6.850. The overall fall in retail sales reflected a 2.5 per cent decline in car sales from March, Excluding cars, sales were up 0.4 per cent last month. Officials also revised sales figures for March to show an overall gain of 0.5 per cent, rather than 0.1 per cent as previously reported.

Economists at Merrill Lynch in New York said the March revision suggested the official estimate of consumer spending growth in the first quarter would be raised from the previously reported annual rate of

However, in the current quarter, growth of spending was likely to moderate - to an annual rate of little more than

The consumer price index was pushed up mainly by higher energy costs, which rose 3.2 per cent from March. Energy costs have risen sharply for five months running, although crude oil prices have retreated from recent highs. Food prices rose 0.3 per cent, partly because of a large

Arms export scandal hits Camilión

Argentine minister fights to keep job

Mr Oscar Camillón, the Argentine defence minister, was yesterday fighting growing calls for his dismissal, ahead of two days of questioning by congressional committees Mr Federico Storani, an investigating illegal arms sales opposition Radical party depto Ecuador and Crostia.

The rumpus follows revelations that Argentina sold thousands of rifles and 75 tonnes of ammunition to Ecuador in Fabruary 1995, when that country was in a border conflict with Peru. Argentina was then helping to negotiate an end to the conflict in its capacity as a guarantor of peace under the 1946 Rio de Janeiro protocol.

There is also strong evidence that Argentina contravened a UN arms embargo by selling 6.500 tonnes of ammunition, worth about \$40m, to Croatia in 1991-95. Argentina then had troops in the Balkans on a UN peace contingent.

The government claims that, in both cases, it was duped by international traffickers who diverted sales from third countries to which Argentina had legitimately sold arms. Mr Camilión signed documents approving sales of weapons by Fabricaciones Militares, the Argentine state-run arms company, to buyers in Venezuela. But the sblpment went directly to Ecuador. Many of the Croatian shipments are believed to have arrived via

UÇU,

Mr Camilión has said he was a victim of these "triangular" operations, and accuses the

opposition of trying to turn a cal witch-hunt. Mr Luis Sarlenga, head of Fabrica-clones Militares, was sacked this year and has been charged with overseeing illegal arms sales to Ecuador.

opposition Radical party dep-uty, yesterday called for Mr Camilión to resign: "It is not possible for there to be no political responsibilities." The defence minister must face "political trial, so that the public can know what happened.

Even some members of Mr Camilión's own Peronist party have demanded that he resign. Mr Jorge Matzkin, Peronist leader in the lower chamber of Congress, reminded Mr Camilion of President Carlos Menem's oft-quoted phrase: "Cabinet members are like fuses" - easy to replace.

International pressure was also growing yesterday with the arrival in Buenos Aires of Ms Martha Chávez, head of Peru's Congress. She will deliver today what is believed to be a blunt letter to Mr Menem, urging a swift and satisfactory resolution of the

Fabricaciones Militares has now been moved from the defence ministry's aupervision to that of the economy ministry, pending its expected privatisation. The company, run by the army, has six factories which make mainly such lowtechnology arms as artillery pleces, automatic rifles. abort-range missiles, mines

Probe of US air authority

The US Dapartment of Transportation is to investigate charges that Federal Aviation Administration inspectors were told to "go soft" on ValuJet, whose DC-9 aircraft crashed near Miami on Saturday. Reuter reports from

"The Department of Transportation's Office of Inspector-General will investigate whether or not inspectors were directad to 'go soft' ValuJet," said an aide to the inspector-general yesterday.
The US television network

ABC reported that the department had information alleging falsification of FAA reports on the airworthiness of ValuJet aircraft. ABC claimed that the inspector-general might launch a full criminal investigation. ValuJet had no immediate comment on the ABC report.

On instructions from the Duke of Grafton, the Marquess of Bristol, Viscount Long and others

30 Lordships of Manors including Brighton, Melksham & Temple Cowley and two Irish Baronies

Many from the Domesday Book, some with Fair or Mineral Rights. To be sold by Auction at Founders Hall, 1 Cloth Fair, London EC1 at 2.15 p.m. on Thursday 30th May 1996. Historic catalogues £10 (USA £15) including postage

HISTORICAL RECORDS AGENCY 31 Heddon Street, London W1R 7LL Tel: 0171 494 2970

NEWS: THE AMERICAS

State's success amid private sector advance

Imogen Mark examines the future of Codelco, the growing and diversifying Chilean copper producer

hile is regularly held up us a model of the free market economy, a decade ahead of the rest of Latin America in baving shrunk its public sector and put the private sector in the

riving seat. But Codelco, the world's biggest copper producer. is looking forward confidently to a long and profitable life under state ownersbip, yet with, it hopes, ever more autonomy to run itself like a private com-

The Chilean goveroment wants Codelco to keep produc-tion steady at 15 per cent of copper mined worldwide, says Mr Juan Villarzu, the chief executive office. This is not for ideological or

doctrinaire reasons, but because it's good for the country as long as it's competitive," be maintains. Codelco is indeed good for the state's coffers. The compa-

ny's after-tax profits in 1995 were \$637m. It represents 20 per cent of all Chile's export earnings, and it contributed a massive \$1.7bn last year to fiscal revenues - equivalent to the corporation tax paid by the whole of the Chilean private

However, it will have to run hard to stay in the same place. Last year, private sector copper production as a whole in Chile overtook that of Codelco, and more new low-cost private mines are due on stream before

Codalco'a Chuquicamata mine has just lost its title as

For this reason, the management chose to go for a show-down on wages this month at

The company says the work-force has made real wage gains of 5 per cent over the past year, through a system of productivity bonoses. Chnqui-camata has shed jobs and the workers have accepted more flexibility in job definitions, with truck drivers doing basic

the end of the century.

the biggest copper mine in the world to Escondida, the first of the new private mines in Chile So Codelco can only stay state-owned, Mr Villarzu says, "if it can compete with the new producers. That means it must be run like a private enterprise, with competitive cost structures and budget disci-

Chuquicamata, where the cur-rent roond of collective bar-gaining had broken down. The workers went on strike this month but returned to work last weekend, having accepted a new style of bargaining where final offers are really final, with no last-minute con-

610,150

for exampla, and taking shorter lunch breaks.

The managements at all four of Codelco's mines are going through a change of corporate culture, Mr Villarzú claims.

"The general managers are learning to think less about the mine operations and simply maximising production. and more about getting better value from the business," he

The next big step depends on the Chilean Congress. The gov-

91 93 95

ernment has proposed a new law for Codelco, which would allow some of the powers of the executive vice-president -currently Mr Villarzu - to be delegated to the four divisional

operate like a private company under Chilean company law. with its own board of directors. The proposal has been with

Each division would then

Congress since May 1994, but Mr Villarzú hopes it will be law by the end of this year.

One big project is already moving ahead - a fifth mine, moving ahead - a fifth mine, known as Radomiro Tomic. It is due on stream late next year and is meant to add 150,000 tonnes to Codelco's annual out-

The new mine is close to Chuquicamata and will help to replace the latter's declining production. The new mine is being financed directly by Codelco out of its own funds.

Bot approval of such new investments is a long political process, which is one reason why the company is develop-ing other kinds of projects with private partners.

One such venture is the mine, El Abra, where Codelco sold a controlling stake and the operating rights to the deposit to a US company, Cyprus Amax, for \$330m. The 130,000-tonne mine should be running towards the end of

this year. But the Chilean company wants financial, not operating, partners in other future ventures. It has, for example, two other well-defined deposits. Mansa Mina, near Chuquicamata, and San Antonio, near Salvador, one of its two

One idea for San Antonio once the deposit has been better explored - is to look for finance from local pension

smaller mines

funds and insurance compa nies, which have not yet ven tured into the mining business but are looking for new invest-

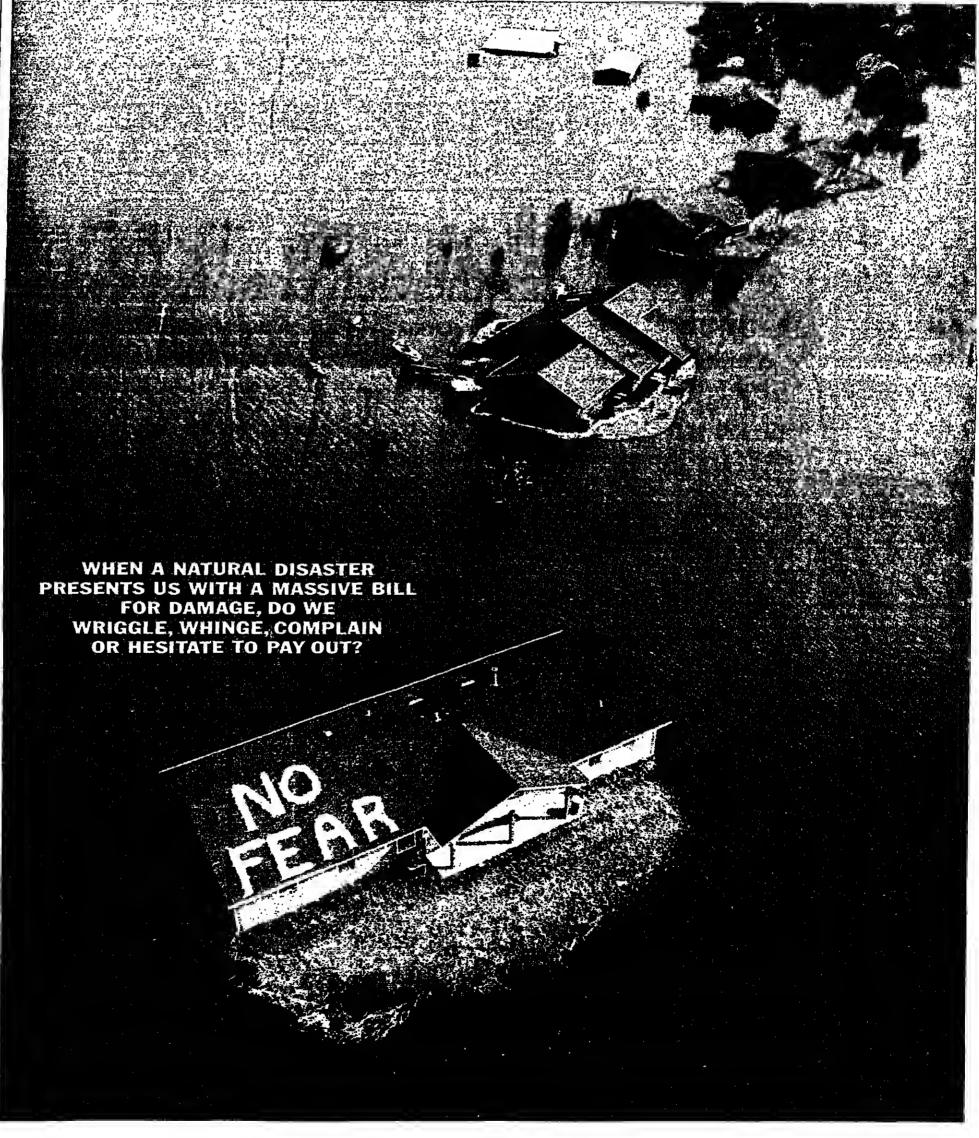
ment opportunities. Another vehicle for attracting private risk capital is an investment fund, Los Andes is being put together by Codelco with AMP, Australia's biggest private pension fund manager. which has a tradition of min-

ing investment. AMP is investing \$6m in cash, and Codelco is cootribut-ing a bandful of exploration

But the idea is for the new fund to buy into other, more advanced properties, and then become listed on the Santiago stock market, again in order to

attract local investors. The new venture is intended to be the nucleus of Latin America's first mining finance bouse, according to Mr Jorge Bande, AMP Chile's represeotative, and the idea is for the partners to go abroad eventu-ally, in Latin America or else-

If this and even some of the other prospects work out as planned, and - a bigger if productivity and cost reduction targets are met. Codelco will be a main engine of growth in Chile and in the world copper markets, well into the next



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Guardian Royal Exchange Group

Parties mount challenge to BJP

Mark Nicholson in New Delhi

India's main "social justice", secular and regional parties vesterday set aside their differences to elect a prime ministerial candidate, thereby making a last-minute hid to challenge the Bharatiya Janata party's claim to form a government in New Delhi.

Mr Deve Gowda, the 63-yearold Janata Dal chief minister of Karnataka, last night met Mr Shankar Dayal Sharma, the Indian president, to stake his

leader of the alliance of JD, regional and caste-based parties late yesterday after a daylong meeting and earlier failed attempts to persuade Mr V.P. Singh, former prime minister, to lead a "secular democratic"

alternative to the BJP.

Mr Gowda beads a group which includes the Janata Dal, regional parties from Andhra Pradesh and Tamil Nadu and tions, the Littar Pradesh-based Samajwadi Party and some other small groups. The group-ing hopes to persuade Mr

emerged as the biggest party in the elections. Mr Sharma is axpected to make his decision in the next

Sharma to invite them to form

a government, rather than the BJP and its allies, which

two days.
The newly fledged coalition is expected to count on the support of India's two main communist parties, which won 55 seats, and tha Congress party, which has 136 seats, "from the outside", but not as direct participants in the coali-

As such the new group hopes

to block any attempt by the BJP to form a government. The secular parties' attempts to muster the required govern-ing majority of 272 seats had earlier received a setback with

an announcement from the Communist Party of India (Marxist) that its 43 MPs would not participate in any govern-ment supported by Congress. But the party said it would "make its full contribution to all efforts to keep the BJP out of power"

Mr Jyoti Basu, chief minister of West Bengal and senior CPI(M) leader, who had earlier

between Karnataka and Tamil

Nadn over the sharing of water

from the Cauvery river, which

flows from one to the other, could prove a factor in the new

date to lead a secular coalition, made it clear that be would not he part of any government which needed the support of Mr Narasimha Rao's Congress

His withdrawal from the prime ministerial race appeared until late last night to leave the field clear for Mr Atal Bebari Vajpayee, BJP prime ministerial candidate. Mr Vajpayee dismissed attempts to keep out the BJP, which won 195 seats with its allies, saying the BJP is

smoking curbs fail to break the habit

Chinese

By Yony Walker in Beijing

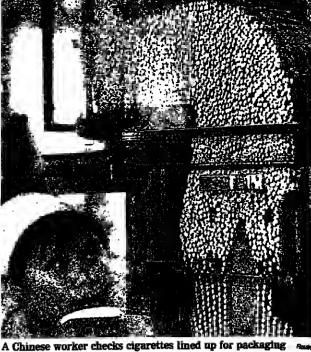
China may have declared a war of sorts on its smokers, with a ban on smoking in pubic places coming into effect in Beijing today, but the authorities are far from persuading people to hreak the habit in a country which accounts for about 30 per cent of the world's total cigarette consumption. At the Beijing No.1 Department Store on the city's busy

Wangfujing Street, cigarette counter staff said there had been "no evident drop in sales" ahead of the May 15 ban. Nor was there any sign on Beijing's streets that smokers were preparing to quit. Fines of Yn10 (\$1.20), half the cost of a pack of imported cigarettes, seemed unlikely to be much of a deter-

A year-old ban on advertising in the media, mcluding displays on hoardings in public places, has done little to curb the smoking habit in a country where cigarettes act as "currency" for bnying petty favours from officials. Marlhoro Man may have staged his last ride across Chi-

na's advertising billboards, but his image lives on in the red-and-white silhouette of a soccer player, emhlem of the national league whose games are broadcast into millions of homes by Mr Rupert Murdoch's Star TV network. The official China Daily

Business Weekly reported at the weekend that 35 per cent of the population over 15 smoke, and numbers of smokers are rising at an annual rate of 10 Mark Nicholson | per cent, against an annual decrease of 1 per cent in many



industrialised countries. Men outnumber women smokers, with 61 per cent of the male population over 15 having the habit, and 75 per

cent over 35. Only about 2 per

ent of females are smokers, but the percentage is rising. These percentages translate into consumption of 1,640hn clgarettes a year by China's 300m smokers, or 25 per cent of the world's total. Profits and taxes to the state totalled Yn71hn (\$8.5hn) in 1995. the revenue for the ninth consecu-

tive year. Like their counterparts in the west, China's cigarette producing 900 brands) face an increasingly active anti-smok-ing lohby which has won high-level support. Premier Li Peng recently banned smoking in the Great Hall of the People. The fading from the scene of Deng Xiaoping, China's ailing patriarchal leader and most famous smoker, may have bolstered a growing anti-smoking

faction in the leadership.

more rigorous anti-smoking stance is the growing cost of health services. China's Academy of Preventive Medicine estimates losses directly or indirectly attributed to smok-ing in 1993 reached Yn65bn, double the amount of tax levied on the tobacco industr that year. The World Health Organisa-

A strong argument for a

tion is helping China in its campaign, sponsoring centres across Chinese cities aimed at helping people cure cigarette addiction. Some 26 cities, including Shanghai, Naniing and Guangzhou, have joined Beijing in banning smoking in

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public places. brands constitute only a fraction of the market at this stage, demand for premium products is rising rapidly. Hence, the world's big manufacturers are making strenuous marketing efforts: Philip Morris with Its Marlboro hrands, RJR Nabisco with Salem, and BAT with Kent and other brands.

Politicians play the coalition game

ha state *bhavans* of Delhi have never been so busy, the utilitarian state guest houses which are strung in a line along one of South Delhi's grander leafy

As politicians emerged from the bhavans for the cameras, armed guards parted the yelling scrums to allow one or other regional chieftain to enter his official Ambassador car to beetle across South Delhi for a closed-door session in another state bhavan, or a party headquarters.

Frenzied speculation followed their every move, each of which continued the complex Indian tradition of forming a coalition. These regional leaders have suddenly become kingmakers, as a small group of regional parties holding around 60 seats could determine which political grouping forms the next government.

The Hindu nationalist Bharatiya Janata party - the single largest party - and its allies, perhaps 90 seats short of a majority, need their support. Meanwhile, they were also courted by the left-wing Janata Dal party and its allies, which

seats itself. Late last night the Janata Dal appeared to have won the battle of the bhavan and won the support of most regional groups. But it seemed

touch and go all dey. Thus when Mr Deve Gowda, a Janata Dal chief minister from the southern state of Karnataka, left the melee outside the bhavan of neighbouring Tamil Nadn yesterday morning a rumour shot through the ss hordes that he was off to see Mr P.V. Narasimha Rao. Congress leader and consummate low-profile dealmaker.

Until, that is, Mr Gowda's car rumbled the 50 metres to the bhavan of his own state across the road. An hour later Mr Mulayam Singh Yadav, leader of the "backward caste" Samajwadi Party which holds 17 seats, excited similar electricity hy appearing at the headquarters of the Commu-

nist Party of India (Marxist). It was a day of such frustra-ting speculation as politicians toed and-froed, turning the wide boulevards of South Delhi into a giant boardgame. The game's rules appeared borrowed promiscuously from Risk, chess, poker, bridge and,

Rs50m (\$1.42m) will huy the loyalty of a newly elected inde-pendent MP, probably Monop-oly. "In the end it will all come down to buying people," said one communist party official.

But whatever deals were hatched and broken were done in privete. Most parties yesterday kept their counsel. And whatever speculation trailed the politicians' Ambassadors, the politics of India's next coalition government was as likely to be decided unseen by Delhi's veteran political fixers "the same old 30-40 political sinners", as one such characterises tham.

But the old sinners have seldom had so complex a game to play ~ one rendered more complicated by the emergence of so many important but politically fractions smaller caste-based and regional parties. Last night tha main regional groups pledged their support to a broad coalition with the "social justice" Janata Dal under Mr Gowda as leader, But the deal which achieved this is likely to have brought intra-regional disputes and individual state problems into the centre of India's political stage.
For example, the dispute

coalition. The Janata Dalregional coalition forged last night embraces both Karnataka's chief minister and a host of Janata Dal MPs from the state along with the Dravida Munnetra Kazhagam party which, in league with ex-Congress dissidents, swept Tamil Nadu in the election and holds a total of 37 seats. They may prove

be dealmaking has resembled three dimensional chess, where the position of regional parties in their own states has been a hig factor in making national alliances. The CPI(M) yesterday said it could not join a coalition backed by Congress, for example, because Congress is its chief political opponent at state level.

Likewise, with state-level elections due this autumn in the northern state of Uttar Pradesh, parties such as Mr Yadav's Uttar Pradesh-hased Samajwadi Party and the low-

Amid such complexities, almost any permutation appeared possible for much of yesterday. The notion of a BJP supported Congress government was at one point floated in the living room of one top politician. The name of Mr Chandrabahu Naidu, thrown to

centre stage from heing a

little-known state politician in

Andhra Pradesh, was seriously

largely Uttar Pradesh-hased, will have made alliances with

a clear eye on what might belp

them make later gains at state

mooted in another as a poten-tial prime minister. No one ruled out the possible return of the wily Mr Rao. And the game is not over. The next move lies with India's president, who must decide whether to invite the BJP as biggest party, or the lastminute Janata Dal-regional front, to try to prove a major-ity in parliament. If he chooses the BJP, this might test

severely the still-wet cement

hinding the regional parties

and the Janata Dal.

US, Japan rule out early food aid to N Korea

By John Burton in Seoul

The US and Japan yesterday ruled out immediate food aid to North Korea - a day after United Nations agencies warned the food situation there was worsening.

Washington and Tokyo tion of South Korea that no food ald should be provided until North Korea agrees to participate in proposed fourparty talks on a permanent peace arrangement on the Kor-

ean peninsula. Officials from the US, Japan and Sonth Korea announced the food policy folinwing discussions on the South Korean resort island of Cheju. Sonth Korea officials indi-

cated there was no need to rush aid since the serious food shortage faced by Pyongyang would not lead to an "Africanstyle famine" or the immediate collapse of North Korea. Twn UN aid agencies, the World Food Programme and the Food and Agriculture Organisation, issued a "special alert" on Monday stating the

ate" and "the consequences are likely to be devastating for large parts of the population". We believe all measures, including economic assistance to North Korea, could be discussed in four-nation talks. but we might be sending a wrong signal if we provide explained one Sonth Korean

The US and South Korea a month ago proposed peace talks to include the two Koreas, the US and China. North Korea has not yet

responded to the proposal.

The consensus reached yesterday among the three allies, however, may only be tempo-Mr Kenzo Oshima, the Jana-

nese delegate, suggested that Tokyo was still considering taking independent steps to help break North Korea's international isolation if this would contribute to stability on the Korean peninsula.

US officials have warned that the North Korean food sbortage carries serious risks. including causing a possible Nnrth Korea food shortage "is desperate attack on Sonth becoming increasingly desper-

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Mandarin Oriental, Kuala Lumpur (1997)

South Koreans step up push to join the rich countries' club

Seoul is wooing the OECD, write John Burton and Peter Montagnon

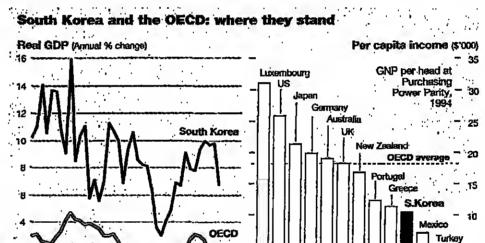
unchtimes have become husy at the Paris headquarters of the Organisation for Economic Co-operation and Development.

One western official says he has had six invitations from South Koreans anxious to press their case for membertries' clnb. So keen are they to join the OECD that they have "even taken Norwegian offi-cials out," he adds disdainfully.

When a Korean team visited Paris last month to discuss its memhership application it included 38 officials instead of the handful expected.

The intensive wining, dining and lobbying are a sign a crunch time is looming in a process which Korea hopes will culminate in its accession being complete before the end of the year.

But even while softening up OECD members with lashings of pickled cabbage and barbecued beef, Korean officials are aware some hard arguments remain before it is home and dry. Over the summer South Korea must come np with some concrete liberalisation proposals, particularly in its



. 1986 roe: Date: financial markets, if it is to pass the membership test. Though Japan is particularly sympathetic to South Korean

1990

1992

membership, most OECD members are reluctant to huy the argument that Korea should be allowed to join just for the sake of better regional balance. Besides Japan, only Austra-lia and New Zealand are Pacific Rim members, leaving the OECD with a Eurocentric appearance, hut the OECD insists the liberal principles to

which it adheres should not be

sacrificed for political or diplo-

matic expediency.

The snag for Korea is that, while fully industrialised status which comes with OECD membership would mark the pinnacle of economic achievement, it would come at a price of profound change in the way its hitherto tightly controlled economy is run.

"The Korean government will only accept membership conditions if they are beneficial to the Korean economy and help strengthen Korea's competitive edge and Korea's globalisation efforts," said Mr Rha Woong bae, deputy prime minister for economic affairs.

Among the changes still being sought by the OECD are:

 Financial liberalisation. OECD memhers want full opening of the bond market to foreign investors and borrow-ers, and a rise in the foreign investment ceiling for listed companies to 25 per cent at least. They are also seeking a firm date for currency convertibility, and removal of restrictions on overseas borrowing by Korean companies. Korea is worried these measures will lead to an inflationary inflow of capital and rapld apprectation of the won. Western officials counter the process could be managed by a reduction in Korea's high interest rates.

• Relaxed rules on mergers and acquisitions. Korea limits individual foreign shareholdings in listed companies to 4 per cent to prevent hostile takeovers, although friendly acquisitions are permitted. Abolition of import ban on

1994

Japanese goods, including most consumer Items, notably cars and consumer electronics. The end of foreign investment restrictions. Although Korea claims 95 per cent of husiness sectors are open to foreign investment, some key areas remain closed, including the media, oil refining, legal services and some financial

Wining, dining and lobbying have intensified

services. Foreign banks may only have hranches in Korea, not subsidiaries, while restrictions on foreign ownership of gambling and even golf courses are further niggling irritants.

Revision of lahour laws. Though this is not a strict con-dition of memhership, some OECD countries regard present Korean practice as incompatihle with the OECD stand on buman rights. Korea bars more than one union in a company and prevents third-party inter-

vention in labour affairs. Korea recently introduced measures to improve its chances of gaining OECD membership this year. It has engineered a fall in interest rates to speed financial liberalisation. A new schedule for opening of financial markets is expected in July.

It is also considering removlist of banned Japanese prod-

ucts, already heing whittled down from 258 items in 1993 to 129 products by 1998. Some western officials believe that, with parliamentary elections out of the way. President Kim Young-sam is trying to give the membership application new momentum. But complying with OECD wishes involves politically sensitive decisions.

While large companies might relish freedom to raise capital at cheaper rates abroad, the government is concerned it would no longer have much leverage over businesses such as Hyundai, Samsung and Daewoo which have grown power ful under its tutelage. Small husinesses are concerned they would lose special access to credit and face a harsher competitive environment

that the end of a ban on hostile foraign takeovers will allow Japanese investors to gain control of Korea's main companies, while abolition of import restrictions on Japanese products will drive domestic competitors out of husiness. Above all, there is concern in

parts of the bureaucracy, notahly the Finance Ministry, that market-oriented reforms will reduce its power to manipulate the economy. Despite the flurry of activity on the part of Korea, that leaves some western officials sceptical that the membership application will succeed this year.

But many are keeping an open mind. "It's amazing to see bow quickly the Koreans can move when it's necessary," said one official involved in the discussions. As to loss of control over the economy, that is no longer the issue, he added. "They've decided on change. ing more items from its import
It's more a question of the pace

Although sales of foreign

ASIA-PACIFIC NEWS DIGEST

Japan machinery orders edge up

Japanese companies spent 2.4 per cent more on machinery in March than in the same month last year, the slowest growth for six months, but have since stepped up purchases, official

data showed yesterday. Machinery orders, an accurate advance indicator of overall corporate investment, are recovering more slowly than in previous economic upturns, the government's Economic

Planning Agency (EPA) suggests.
This adds weight to many private-sector economists' belief that the Bank of Japan will continue to keep monetary conditions loose for the time being, to allow the recovery to to rise slightly above the official discount rate of 0.5 per cent. The March machinery result, excluding the volatile shiphuilding and power companies, leaves orders down by 1 per cent in the first quarter to March, against the last quarter of 1995. But the 12-month moving average rose 9.7 per cent. The EPA predicts a 4.9 per cent quarter-on-quarter rise for the three months to June. William Dawkins, Tokyo

Hiring ban on foreigners lifted

Kawasaki City, near Tokyo, has become the first Japanese municipality to lift a ban on hiring foreigners, in an apparent response to growing calls from Koreans born in Japan to be hired as civil servants. The decision has provoked a row with central government, which fears the decision could prompt similar moves by other municipal governments.

Municipal governments have legal authority over regulating personnel affairs, but other local governments such as Osaka and Kochi recently shelved plans to scrap the nationality rule under pressure from the home affairs ministry.

Tokyo has opposed opening public servants' jobs to foreign nationals as it feels those involved in wielding administrative authority must be Japanese. Emiko Terazono, Tokyo

Vietnam debt talks begin

Vietnam yesterday hegan a fourth round of talks with London Club creditors to reschedule about \$830m of debts, mostly owed to Japanese banks. Mr Cao Si Kiem, Vietnam's central bank chief, said the two sides could reach agreement at the latest session, helping cut Hanoi's sovereign credit risk and unlocking much needed bank lending for infrastructure projects. Both sides are seeking a debt-for-bonds settlement. Hanoi has been insisting the Localon Club forgive 50 per cent of debt. The group, led by Bank of Tokyo and Australia and New Zealand Bank, is only likely to agree to forgive an element of the principal, hut not interest and penalty interest. accounting for ball total arrears. The two sides are still far apart but Hanoi is under considerable pressure to compromise

Call for calm on Thai bank

Vietnamese debt was trading at 82 US ceots on the

Thailand's central bank yesterday set about preventing the collapse of the Bangkok Bank of Commerce (BBoC), a medium-sized local hank, which has suffered a three-day run on deposits after alleged financial improprieties were disclosed in the Thai parliament. Confidence in the central hank has fallen after it was claimed it failed to inform the public in time or take legal action.

secondary market in London yesterday. Jeremy Grant, Hanoi

Mr Surakiart Sathirathai, finance minister, said new management would be in place later this week. The central bank said other domestic and foreign commercial banks had agreed to lend money to the BBoC if needed. Yesterday the central bank called for calm and told depositors to be confident in central bank measures to resolve
BBoC's problems.

Ted Bardacke Remakak

Ted Bardacke, Bangkok

Pakistan union chiefs arrested Pakistan's top federal investigation agency, under orders from the central bank, yesterday arrested at least 11 top union leaders of United Bank, the country's second largest public sector bank, on charges of fraud,

Mr Abdul Aziz Memon, an MP and president of the UBL's staff union, was among those arrested. Another 12 officers were expected to be arrested last night and today, central bank officials said.

Central bank goveroor Muhammad Yaqub denied the arrests would create uncertainty over plans to privatise UBL or Hahib Bank, Pakistan's largest hank. Farhan Bokhari, Karachi

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Canada keeps UK guessing on subs

By Bernard Simon in Toronto

Britain's defence secretary, Mr Michael Portillo, has falled to secure a deal to sell Canada cut-price second hand diesel-elactric submarines during a visit to Ottawa. Canada said it would keep

open an option to buy the four Upholder submarines but the signs are that Ottawa is unlikely to go ahead with the c\$400m (US\$292m) purchase expired last December. Since

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for the time being. British officials have become increasingly frustrated at Canada's indecision after almost two years of discussion. Mr Portillo said: "I don't know whether the file is open or closed, but what I know is that I'm going to do the deal with the first person who says

Canada's exclusive option to

then, the UK bas entered negotiations with several other countries, incloding Portugal, Chile and South Africa. However, none has so far stepped forward with a firm

The four Upholders, which cost almost £1bn (US\$1.5bn) to build, were put up for sale after the Royal Navy opted for an all-nuclear submarine fleet in the early 1990s. Canada has been toying for submarines to Canada at what

some time with a replacement for its three 30-year-old Oberon submarines. Other Nato members have pressed Ottawa to buy the Upholders, which would allow Canada to maintain a significant naval presence in the alliance. The submarines would also be used for coastal patrols, including surveillance of disputed North

price, with payments spread over 10 years. Part of the cost would be paid in the form of training for Royal Navy submarine crews.
Mr David Collenette,

Canada's defence minister, is in favour of the deal. He has said the cost of the new submarines would be largely Atlantic fishing grounds.

The UK has offered the and maintaining the ageing Oberon fleet.

However, Mr Jean Chretien. the Canadian prime minister, has so far been reluctant to go ahead with the purchase, at a time when government spending in politically isitive areas such as welfare and healthcare is being cut. In addition, the military is currently under intense scrutiny over incidents stemming from the UN peacekeeping mission in Somalia in the early 1990s.

WORLD TRADE NEWS DIGEST

Airports face super-jumbo bill

Airports will have to spend more than \$100m on modifying runways and taxi areas to accommodate the new generation of 600-seater "super-jumbo" aircraft planned by manufacturers, according to Airports Council International. The council, which represents 430 airports worldwide, said boarding bridges would have to be moved and extra baggage handling systems, customs, immlgration and security facilities installed.

Boeing and Airbus are both planning to build large aircraft early next century. The council said introduction of the new aircraft would lead to a reduction in airport capacity, as airports would have to increase the intervals between landings to avoid the wake turbulence that the large aircraft would Michael Skapinker, Aerospace Correspondent

Suzuki raises Hungarian stake

Suzuki of Japan said yesterday it would increase its stake in a Hungarian joint venture, Magyar Suzuki, from 49.9 per cent to 77.7 per cent to boost its presence in the European car market. Magyar Suzuki is a joint venture between Suzuki. Auto Konszern of Hungary and Itochu, the Japanese trading company. The Hungarian government will keep its 2.8 per cent stake in Magyar Suzuki.

In the first year of operation, Magyar Suzuki produced 3,500 units of the Swift model, a small 1,000cc-1,600cc car based on a Japanese model called the Cultus, Production has since increased to 43,000 units last year and Suzuki expects to make 50,000 in the year to March 1997.

The joint venture company, which exports much of its production to western Europe, has about 18 per cent of the Hungarian market. Michiyo Nakamoto, Tokyo

Danang resort venture at risk

The largest approved US investment in Vietnam, a \$234m joint venture tourist resort at China Beach on the central coast, is in jeopardy because of financing difficulties. A senior Vietnamese member of the joint venture board said yesterday that the US investors would have to come up with \$2m by tomorrow or risk having the resort's licence revoked. Maryland-based BBI Investment Group, backed by private

investors in the US, was supposed to have paid the first \$2m of a projected \$64m investment by last September. It received a licence to develop the area in 1994, but has run into trouble over financing since then. BBI has a 67 per cent stake in the venture, with the local tourist authority holding the rest. The project includes a hotel and luxury villas on the

beach at Danang, a coastal town favoured by US soldiers for

recreation during the Vietnam war.



Alexander Lukashenko: signed decree granting duty-free import rights to Belarus company

Belarus finds role as duty-free back door Acting as conduit for Russian imports has brought some colour to grey Minsk, writes Chrystia Freeland ost or muse, is of placid Belarus, is a grey throwback to ost of Minsk, capital state could no longer support.
of placid Belarus, is But domestic and foreign crit-

the Soviet era, complete with massive statues of Lenin and bare shop shelves. But one busy cafe, tucked away in the old city, is a stark exception: nearby streets are crowded with Mercedes and BMWs, most of them bearing foreign licence plates, and leather-jacketed men speak fiercely into mobile telephones while their Chanel-clad girl-

friends sip cappuccinos. Much of the buzz at this nouveau riche enclave is about one of the only thriving sectors of the Belarusian economy: the small Slavic state's expanding abolished the system of "subrole as a duty-free corridor for importing western goods into Russia, which is joined to its

neighbour by a customs union. At a time when Russia. under pressure from international financial institutions. has officially sought to close tax loopholes, neighbouring Belarus' quiet emergence as Russia's tax-free back door is an example of the hidden financial motivations which often underlie politics in the former Soviet Union, Some local observers think the trade relationship is one reason why Russia is seeking to form a union with Belarus, despite the likely political and economic costs of merging with the impoverished republic.

In the early, chaotic aftermath of the collapse of the Soviet Union, Russian importers could avoid stiff duties and tariffs without resorting to a Belarusian corridor. A series of nobly named Russian organisations, ranging from the Society for the Deaf and the Afghan Veterans' Association to the more recently active National Sportsmen's Fund (NFS), were granted the right to import a

wide range of goods duty-free. The official justification for the government's largesse was that the tax breaks would help finance worthy causes the

ics, including the International Monetary Fund, attacked the schemes as a way of enriching

The import privileges which became the main conduit for many imported consumer goods - also came under fire as a drain on the cash-strapped Russian treasury's revenues, costing the government some Rbs10,000bn (\$2bn), according to one recent estimate

After a protracted battle between the liberal and hardline factions in the Kremlin, Moscow last year formally



sidised importers", but not Rbs3,000bn in compensation to organisations hurt hy the

But, indirectly, the Kremlin customs union with Belarus. NFS we began to think of what else we could do...We found that it was very comfortable

here in Belarus."

hefore paying more than

also created an escape route for the subsidised importers by entering last year into a full According to Mr Arkady Ftits, a Russian businessman who imports food into Rassia. "When they began to close the

Belarus became comfortable

for importers last year thanks the last kopek" he would not to Mr Alexander Lukashenko, release their cargoes. the country's maverick presi-But several businessmen involved in the trading scheme

importer would soon appear to

dent, who decided to follow his neighbour's example and cretell a different story. They said ate his own system of duty-free the shipments were stopped by Russian authorities, incensed Last November he signed a hecause Torgexpo was not presidential decree, stamped "not for the press", which sharing its revenues with Russian special import funds. granted Torgexpo, a Belarusian company, the right to import a But both businessmen and politicians sald they were wide range of goods without paying regular duties and hopeful a new subsidised

import tariffs.

The next day Torgexpo signed a contract with Union take Torgexpo's place. Mr Lukashenko complains that Russia, his closest ally, Distribution, an Isle of Man does not always treat Belarus fairly on the delicate issue of registered company, to buy me \$500m worth of various import privileges. He said Rusfoods, alcohol and consumer sia, despite its formal pledges goods. To date, according to Mr to end the practice of subsi-Lukashenko, some \$72m worth of goods has been imported dised importers, continued quietly to grant some organisathrough Torgexpo, yielding tions the right to import \$16m for a special "presidential duty-free. fund" which supports cultural Moscow newspapers say one

and athletic projects. Western observers, opposiheneficiary is the Russian Orthodox Church, and a busition politicians and some businessman at the chic Minsk cafe nessmen involved in the said earlier this month that he scheme allege some money was was organising a shipment of also funnelled to Belarusian officials through offshore bank cigarettes brought in duty-free through the church. accounts, but Mr Lukashenko

strongly denied this. This spring, however, the Torgexpo system began to break down. Some 500 train wagons of vodka, meant to be transported to Russia through Belarus, were stopped by local authorities and Torgexpo has stopped taking new commis-

Mr Lukashenko said the bottleneck was created hecause some husinessmen tried to import goods into Russia dutyfree, without giving the Belarusian government its share of

the profits.
"Some of the businesses tha swindlers - tried to get Lukashenko said. The Belaru-sian leader said the businesses owe the president's special fund "\$3m, not much" and that

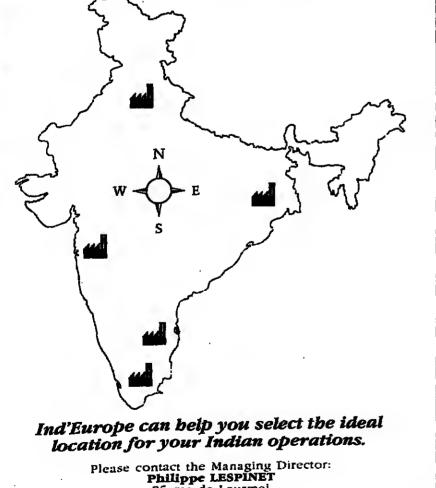
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Senior minister scorns Eurosceptics

Mr Clarke lampooned Sir

James's suggestion that Brit-ons should be asked in a refer-

endum whether they preferred

to be ruled by Brussels or

Westminster. "If Rip van Win-

kle woke up today and read his

President Jacques Chirac of France arrived in Britain yestarday to sharply discordant strains within the Conservative party about European integration. Mr Keuneth Clarke, the chancellor of the exchequer, stepped up his campaign in the cabinet with a ringing endorsement of the European Union and trenchant criticism of Eurosceptics in his party.

"When you consider Britain's future in Europe, you are considering Britain's economic and political well-being; the two are inextricably linked," Mr Clarke told the German-British Chamber of Industry and Commerce.

He said it would be "absurd" to imagine that the UK could prosper outside the union. "There is much talk about some imaginary Swiss option; Norwegian option; Taiwanese option; or Singapore option.

EU veterinarians may agree to ease 'mad cow' curbs

The British government said last night it boped the European Union would agree today to end the export ban on some beef products, FT reporters in London and Brussels write. Ministers believe they have secured the support of France in advance of today's meeting of the EU's standing veterinary committee, which will consider ending the ban on exports of tallow, gelatine and bull semen.

The committee will consider the plan pu forward last week by Mr Franz Fischler, EU commissioner for agriculture, under which Britain would be obliged to introduce tongher processing methods for gelatine and tallow as a

But none of these are options which suit Britain," Mr Clarke growing anxiety about the electoral challenge of Sir James Goldsmith's Referendum party.

His call for a more positive UK role was the latest in a series of speeches from Mr John Major, the prime minis-ter, Mr Michael Heseltine, deputy prime minister, and others. Pro-Europeans bave taken heart from Mr Major's decision

precondition to the ban being lifted on these

products. A decision by the veterinary committee is seen as an important first step to reducing tensions in the UK on the issue.
"We think we can count on the support of France," said one UK minister. "At lot really

depends on what the southern European coun-

tries do." However, Britain is by no means assured of victory at the meeting today. A number of countries, particularly Germany, remain opposed to easing the embargo. Spain, Austria, Belgium and the Netherlands have also shown reluctance to ease the ban.

to hold the line in spite of morning paper be would think Britain was about to be invaded by Belgium," Mr Clarke said.

Mr Brian Mawhinney, the party chairman, took a markedly different line. In a sneech last night, be said the Tories would go into the next general alection as "the referendum party" - giving priority to the

Conservatives' pledge to bold a plebiscite on a single currency if the cabinet agreed to join it Mr Mawhinney added: "If you want to reduce Britain to the level of a poodle, trotting at the beels of others, letting them set Europe's agenda, then you can vote Labour."

Labour will today exploit Conservative rifts during a debate in the House of Commons on the European Union's Common Agricultural Policy, which is seen by many Euro-sceptics as the epitome of EU malign intent.

Several Conservatives have threatened to vote with the opposition at the end of the debate tomorrow, their anger fuelled by the continuing EU ben on British beef. However, the result will be a formality as government business managers have allowed Conservative MPs the night off.

The UK beef crisis will figure prominently in Mr Chirac's discussions with Mr Major.

Thefts of building equipment

By Andrew Taylor,

f construction equipment.
At least £500m (\$760m) of

launched in 1992 to help police identify the owners of stolen construction equipment, says requests to identify property ose hy 25 per ceot last year. Officers from more than 20 police forces, including Interpol, bave joined with NPR in an effort to parsuada plant owners and operators to be more vigilant in securing equipment and making it more readily identifiable if stolen. The campaign was launched

yesterday at Site Equipment Demonstration 96 at Milton Keynes in central England. Mr Ken Fulford, director of NPR and a former plant and transport manager at Yorkshire Water, said: "Construction equipment theft is very big business. A lot of plant is stolen to order. Ferries taking equipment abroad are often booked before the plant has been stolen.

police officers, Mr Bob Harding and Mr David Rayner, has identified some £14m of stolen equipment for former owners since they began the business

3½ years ago.
Officers of the West Midlands stolen vehicles squad at the exhibition said yesterday: possible criminal."

Lancashire in north-west England stopped a van carrying a mini excavator. NPR managed to trace it to a Lancaster engineering company. "The excavator had been lifted over a perimeter fence by a crane and the company at that stage did not know that it had gone," said Mr Fulford.

NPR was invoived in an operation by West Yorkshire police when £1.5m of equipmeot was identified, "some of stolen frozen food lorries and was found being used in Mediterranean countries".

NPR's scheme is supported by insurance companies which offer discounts to companies

controls due to take effect next year, analysts are predicting a big cut in the 1997 dividend

when it will be paid by Tran-

sco, which is due to be sepa-rated from its parent in a

Assuming Ofgas's recom-

mendations are not rejected by

the Monopolies and Mergers Commission, analysts believe

the dividend reduction could

Ofgas under the first year of its

new regulatory pricing regime, Mr Simon Flowers, analyst at NatWest Securities, estimated the company would have between £96m (\$145.92m) to £271m of net cash flow to pay for dividends after the internet.

for dividends after the interest

That is well below half the amount expected to be available for dividends this year, and compares with the £637m

paid out to sbarebolders in 1995. On that basis, NatWest's

most optimistic forecast is a

1997 dividend of 6.2p per share,

excluding any contribution

from Transco'a exploration and

bill had been met.

be 50 per cent or larger. Using the range for Tran-sco's cash flows predicted by

demerger next year.

up sharply

Construction Correspondent

Police and private-sector plant theft consultants combined yesterday to launch an initia-tive against increasing thefts

equipment is estimated by the UK industry to be stolen each year. Plant such as road rollers and compacters and compressors stolen in the UK have been discovered operating recently in Germany, Malta, Cyprus and Portugal.
The National Plant Register.

NPR, started by two former

"It is vital that we are able to identify the owner of a plece of equipment so we can prove that it has been stolen. If equipment is not marked and registered we may have no choice but to hand it back to a

In a recent instance police in

Pioneer from Japan praises rise in quality physical and mental landscape. Now, exactly 20 years since the

By Chris Tighe in Newcastle upon Tyne



When NSK, the largest maker of bearings in Japan, decided aru ketsudan, which means

"bold venture". The factory in Peterlee, north-east England, was Britain's sixth Japanese investment when it was announced in 1974; there are now more than 220. But the NSK project was the first big integrated manufacturing operation set up by

the Japanese mechanical engineering industry in Britain, a trail-blazer by more than a decade for Nissan and other NSK was hold in choosing an

area of England in which coal

By James Blitz and Nicholas Denton at Westminster

8. F

10. ,

Mr Peter Baring, the

plant sent its first shipment of bearings to mainland Europe, coal mines have vanished from the area while NSK employs 800 people at its bearings and forging plants in Peterlee. A further 250 people work at

nearby factories making steel ball and steering column components. Those factories are run as joint ventures with AKS and Torrington.

NSK's total Peterlee invest-

ment now excaeds £150m (\$228m). It supplies consumer goods, industrial and automo-tive markets, and customers include Bosch, Valeo, Black and Decker, Rover, Nissan and

"If you think back 20 years ago in Peterlee, I questioned bow many good engineers would come to work for a Japanese-baaed company," aays Mr Toshio Arata, now mining still dominated the chairman of NSK. "I was not

former chairman of Barings bank, has been privately coached by a former Conservative party

the bank, was part of a conspiracy.
It emerged yesterday that MP Mr
Edward Leigh, a former trade minister,
had recently given Mr Baring a short

CONTRACTS & TENDERS

Abu Dhabi National Oil Company (ADNOC)

SALE OF THAMMAMA "F" GAS SWEETENING PLANT

AT HABSHAN, LOCATED IN ABU DHABI

UNITED ARAB EMIRATES

TENDER NO. SDP/11/96

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Two Molecular Sieve units for simultaneous sweetening and dehydration with capacity of 125 MMSFD of Thammama "F" gas. Each train consists of four vessels loaded with molecular sieves.

One Catacarb unit for treatment of regeneration gas from the molecular sieves unit with capacity of 100 MMSFD.

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One Chilling plant for controlling hydrocarbons dew point of the gas with capacity of 250 MMSFD.

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THE GAS PLANT CONSISTS OF THE FOLLOWING UNITS:

minister over how to session on how to answer questions

answer questions on the BARINGS COLLAPSE answer questions on the bank's collapse when he appears before a House day confirmed that he had provided an

of Commons committee today. The unpaid hour-long tutorial to Mr Baring. hearing will be the first time that Mr One Conservative member of the Trea-

Baring has commented publicly on the sury committee privately expressed

fate of his family's bank since the col-

lapse. He said then that Mr Nick Lee-

son, the trader who caused the losses of



Toshio Arata at Peterlee: "For some items, suddenly world class parts are available in the UK"

particularly confident we arm of NSK Bearings Europe, would go beyond 500 people." As senior managing director in the early 1970s, Mr Arata drove forward the company's international expansion, establishing plants in Brazil and the US as well as England. Now back in Peterlee for 20th anniversary celebrations, Mr Arata says one of the biggest changes has been the improved quality

MPs to grill former bank chairman today

£830m (\$1.26bn) which brought down gate Lord, the public affairs arm of a

of UK suppliers' products and

now has annual sales of \$120m, which is 3 per cent of group turnover. It contributes \$3m to company profits, the equivalent of 4 per cent of total prof-

"For some items, suddenly it's world class parts which are available in the UK," says Mr Arata. "In terms of cost and quality, suddenly in the last 20 years the UK government and industry itself and the manage-Peterlee, the manufacturing ment of the companies have

astonishment at Mr Leigh's move.

asked to provide the briefing by Lud-

company called Lndgate Communica-

tions. The company was engaged by ING Barings, but it was unclear last

ual should approach the task of appear-

the bank's former deputy chairman,

will answer questions together. They

By Patrick Harverson

Sharebolders of British Gas

were still reeling yesterday from the industry regulator's

proposal on Monday for large

cuts in the prices charged by

Transco. the group's pipeline

The shares fell another 6

pence to 195p on the stock mar-ket, taking the two-day decline

Among those most con-cerned in the City of London

by the Ofgas proposals were the income funds, the group of

institutions which specialise in

offering clients higher-than-average yields by investing in

companies that pay big divi-

They have been keen inves-

tors in British Gas shares because, despite erratic profits

and a poor share price perfor-

mance, it has maintained an aggressive dividend policy for the past five years.

However, the tough new price controls recommended by

Ofgas will almost certainly

to 15 per cent.

ing before a Commons committee.

It is understood that Mr Leigh was

Europe operation is run from Nottlingham in central England, with manufacturing in the UK, Germany and Swit-

changed for the better.

improved themselves, and are

trying very hard to compete,"

Since the Peterlee invest-

ment decision, NSK's Euro-

pean presence has been

boosted by acquisition in 1990

of precision bearings maker

UPI, also known by its brand

name RHP. The NSK-RHP

Conservative and Labour MPs have privately indicated that the focus of the committee's report will be on why the monetary authorities in Singapore pro-Mr Leigh made clear that his briefing of the role of Baring's senior manage-

will be followed by Mr Peter Norris.

former chief executive, and Mr Geoffrey

Barnett, former chief operating officer.

had focused on how any private individ- ment. Mr Norris last week received a threeyear ban from the City and a £10,000 Mr Baring and Mr Andrew Tuckey, fine from the Securities and Futures Authority, but the other three execu-tives were all cleared by the regulator. Using the register.

by a further 6 pence

revenues.

tion.

Shares in British Gas fall

Proposals by Ofgas, the gas

industry regulator, for tongher

price controls on Transco, the

pipeline arm of British Gas, do

not go far enough. Transco'a

main customers said

yesterday, our Resources

Editor writes. The Gas Forum, which

represents large gas shipping companies which use the

pipeline system, said it was disappointed that the gas Industry regulator had not

accepted the forum's industry

report which put the case for

deep cnts in Transco's

they will have on cash genera-

tively reverse the strong posi-

tive cash flows Transco enjoys at the moment," explained one

analyst. "Under the Ofgas

assumption of revenues, Tran-

sco will move from being casb

maintain its dividand at 14.5p

in 1996 - the fifth consecutive

annual dividend of more than

British Gas is expected to

positive to cash negative."

"The proposals will effec-

UK NEWS DIGEST

Inflation target 'looks optimistic'

Mr Eddie George, governor of the Bank of England - the UK's central bank - warned yesterday that the chancelor of the exchequer would probably have to raise UK interest rates at exchequer would probably have to raise UK interest rates at some point if be was to hit his inflation target in two years. In its latest Inflation Report, the Bank said it was "marginally more likely than not" that underlying inflation would overshoot the government's target in two years without a rise in

shoot the government's target in two years without a rise in interest rates. But Mr George sald on a visit to Milan that it was too soon to be confident of the forecast.

The Bank believes that weak export markets and excess stocks of unsold goods could still prompt a sharp slowdown in economic activity, although the risk of this had diminished over the last three months. The slowdown in "hard-core" throng is expected to be relatively abort-lived following out. Europe is expected to be relatively abort-lived following cuts

in interest rates there.

The Bank predicts that undarlying inflation in the UK excluding mortgage interest payments - will fall from its
excluding mortgage interest payments - will fall from its
current 2.9 per cent to below 2.5 per cent over the next year, reflecting the recent weakness of economic growth. Inflation is then expected to pick up again to around 2.5 per cent in March 1998 as growth accelerates, driven by stronger consumer

spending and investment. The Bank warned the chancellor that policy had to remain forward looking and focused on the target for inflation of 2%

per cent or less.

The report had little impact on interest rate expectations in the financial futures market. Most economists are more pessimistic about the prospects for inflation than the Bank and expect interest rates to rise between a quarter and half-point in the second half of the year.

Robert Chote in London and Andrew Hill in Milan Editorial Comment, Page 13

Exchange body restructures

The London Clearing House (LCH) is putting the final touches to a restructuring plan which will allow its members to acquire a majority stake, as well as inject fresh capital into the business. The LCH, which clears and settles transactions for London's futures and options exchanges and for Tradepoint, the electronic share trading system, is now owned by six UK

Its 172 members, which include the derivatives arms of some of the world's higgest investment banks, are expected to be asked to stump up some £37.5m (\$57m) in new equity capital, giving them a 75 per cent stake in the business, according to a

report in Futures and Options Week, a trade publication.

London's four futures exchanges - the London International
Financial Futures and Options Exchange (Liffe), the London
Commodity Exchange (LCE), the London Metals Exchange (LME) and the International Petroleum Exchange (IPE) would be asked to contribute a further £12.5m for the remaining 25 per cent stake. The proposal envisages that the existing owners would sell their stakes. In addition members would also deposit money with the LCH to provide a £150m clearing guarantee fund, which meets payments to due if a clearing member defaults. This fund is currently provided by the banks. The restructured fund will be governed by a board of 12 directors - one representative from each of the exchanges and nine from the clearing member firms.

Richard Lopper, London

Company seeks US backing

lonica, a company based in Cambridge in central England, launched its innovative radio telephone technology to compete in the residential market yesterday. Mr Nigel Playford, the chief executive, said line rental would be 20 per cent cheaper than British Telecommunications, while all UK and most international calls would be 15 per cent below BT's standard rates, no matter the time of day or day of the week.

Ionica has already raised £150m (£228m) in venture capital and intends to raise a further £150 next month through a high yield bond offering to be marketed chiefly in the US. The lead bank in the issue will be Morgan Stanley.

Ionica intends to float both in the UK and on Nasdaq next year. Mr Playford said the nature of the technology, developed in conjunction with Northern Telecom of Canada, means that ouly if the the service proved successful would more funds be required to develop the infrastructure. Alan Cane, London

Scottish bank predators warned

Mr Michael Forsyth, Scottish secretary, issued a veiled warning to potential predators of Bank of Scotland, whose future ownership is uncertain following the decision of Standard Life, the life assurance company, to sell all or part of its 32.2 per cent stake. Mr Forsyth, who yesterday met Sir Bruce Pattullo, governor of the bank, said a bostile takeover bid for the bank

would be "extremely unwelcome". Asked by BBC Radio if he was "standing up against market forces." Mr Forsyth said the government considered market forces were "a very useful servant but they're not our masters". His remarks may be seen as implying that he would press in cabinet for an MMC reference of any bid.

James Burton, Edinburgh

QE2 bound for refit in UK yard

The QE2, the cruise liner, is to be refitted at a UK shipyard for the first time in more than 10 years as part of a £12m (\$18.24m) contract awarded by Cunard, the loss-making cruise operator. The company, which paid £7.5m compensation to passengers following a bad refit by Blohm and Voss of Germany two years ago, has placed the order with A&P Group, the UK's largest ship repair and conversion company. After its last refit Cun-ard faced a wave of customer complaints and legal action after the ship sailed from Southampton to New York with the work only partially completed. Tim Burt London

Investment data 'inward-looking'

UK companies maintained their inward-looking investment strategies in the first quarter of this year, spending £8.2bm (\$12.46bn) on buying other British companies - only a slight decline from last year's record levels. They also spent only £1.9bn buying or merging with overseas companies, the Office for National Statistics said yesterday – below the fourth quarter figure of £2.4bn. These trends are in sharp contrast to the 1980s when UK groups turned their attention overseas.

Spending on mergers and acquisitions in the UK by compaspending on mergers and acquisitions in the UK by companies from other countries more than halved. They speed £2.1bn in the first quarter compared with £5.2bn in the final quarter of last year. The highest proportion of UK companies' investment in other countries – about 40 per cent – was in the US. But most investment into the UK – more than a half – came from companies in the EU.

Graham Bowley, Economics Staff

Rail valuation 'down \$760m'

The opposition Labour party's regulation on a privatised 2500m (\$760m) from the company's projected stock-market valuation, stockbrokers Kleinwort Benson said yesterday, Our Transport Correspondent

The government has set the indicative price for Railtrack, which is due to be floated on payment of 200p to 190p for prithe London market on Monday

at 350 pence to 390p per share,

It expects the partly paid shares to start trading at a slight premium at 210p to 215p during the first week of deal-ings compared with the initial vate UK investors who enjoy o

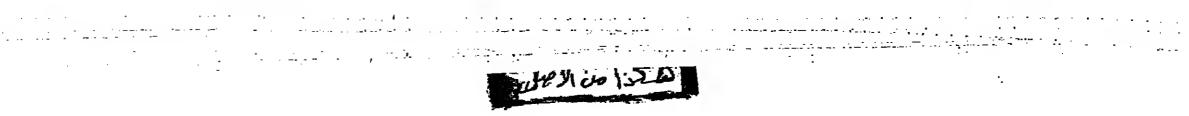
long term view of the shares given the political risk."

numbers, Kleinwort suggested.

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The FT GUIDE TO WORLD CURRENCES, published in Monday's syspect and covering over 200 currencies, is now swapper and covering over 200 currencies, is now swapper and covering over 200 currencies, is now swapper and 437 del., calls are changed at 39p/min cheap rate and 49p/min at all other times. For servi saide the UK, picase telephone +44 171 873 4378 for denite on Cityline interneti-

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a total of £1.75bn to £1.95bn.
"Were lt not for the political threats to impose tougher risk, we would have expected a Railtrack have cut more than yield of 5 per cent to 6 per cent and a price in the area of 500p," Kleinwort said.

force the group to review its annual dividend of more than dividend because of the impact 14p. But, with the Ofgas price

10p discount. "The initial attractions of the shares are extremely clear," Kleinwort said. "It is, however, almost completely impossible to take a

Investors might find it more attractive to invest in the rail industry through the franchise holders of passenger services which will benefit immediately from any increase in passenger

FINANCIAL TIMES WEDNESDAY MAY 15 1996 ★

new company new logo new name new color (red) Lucent Technologies

Bell Labs Innovations Hilversum, The Netherlands +44 1734 324 255 We make the things that make communications work. - new number (former systems and technology businesses of AT&T, plus Bell Labs, with I25 years experience

in making the things that make communications work)

here is a traffic jam on the single dirt track snaking teau in the highlands of central Laos. Heading out of the mountains are hundreds of logging trucks, laden with freshly cut pine. An equal number of empty trucks are grinding their gears back up the hill to fetch another load of trees being cleared from a 447 sq km area slated to become a huge reservoir if

hydroelectric project is built.

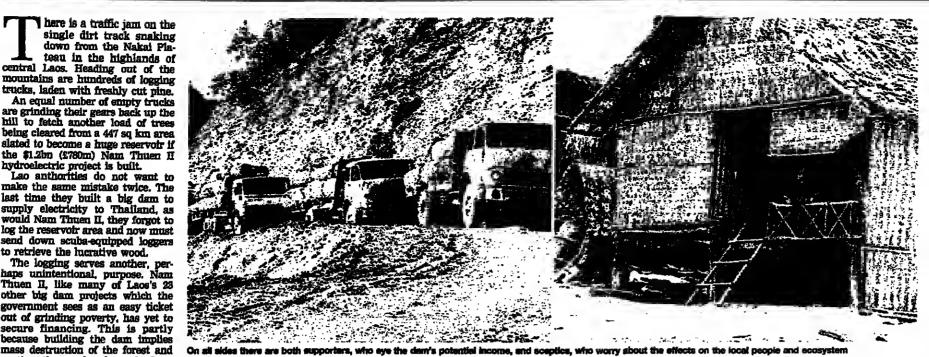
Lao anthorities do not want to make the same mistake twice. The last time they built a big dam to supply electricity to Thailand, as would Nam Thuen II, they forgot to log the reservoir area and now must send down scuba-equipped loggers to retrieve the lucrative wood.

The logging serves another, perhaps unintentional, purpose. Nam Thuen II, like many of Laos's 23 other big dam projects which the government sees as an easy ticket out of grinding poverty, has yet to secure financing. This is partly because building the dam implies mass destruction of the forest and ousting thousands of people from the reservoir area. But as the forest on the Nakai Plateau rapidly disap-pears, so do environmental objections to building Nam Thuen II.
Yet despite all the logging activ-

ity. Nam Thuen II still has many hurdles to cross before the consortium of Transfield of Australia, Electricité da France, Italian-Thai and Phatra Thanakit of Thailand and the government of Laos can

and the government of Laos can begin construction. Like blg dam projects all over Asia, Nam Thuen II is caught up in a whiriwind of constituencies that defy convention: dam builders who want to be "environmentally responsible" versus those with fewer scruples; anvironmentalists who see the project as the last hope to save areas around the dam versus those who fear Nam Thuen II will release a flood of dam construction in the Mekong River Basin; senior officials at the World Bank who want to maintain good relations with the Lao government versus staff who fear being saddled with another project guaranteed to generate bad publicity; and a government struggling with the conflict between economic reform and authoritarian political control.

For Laos, the allure of the dam is simple. Developers promise that for an investment of around \$90m, much of which could be obtained at concessional rates. Laos will earn more than \$1bn over a 25-year concession period, and \$400m annually after that as the government takes over ownership. Projected revenue from the dam would double tha country's foreign exchange earnings and increase the gross domestic product by about 20 per cent. Some opponents of Nam Thuen II



Laos dam in a logjam

Plans for a big hydroelectric project face several hurdles, says Ted Bardacke

warn that these attention-grabbing are seeking. Higher costs would numbers are too optimistic. Large dams are usually subject to cost overruns and the brown waters of the Mekong are a sign that silting problems will eventually lower electricity output, critics say. Laos's biggest dam, 10-year old Nam Ngum near the capital of Vientiane, currently operates at 61 per cent of its intended running capacity. But these other dams benefited

from government subsidies and guaranteed loans. Nam Thuen II has private Investors taking on most of the risk. "Together with the French, our exposure is going to be \$700m which is more than our net worth," says David Iverach, a Transfield executive based in Vientiane, who says the consortium has already spent \$30m on the project. The development consortium is

having a tough time putting together a funding package for the project and has asked tha World Bank to provide some risk guarantees on part of the bank debt. Several executives involved in the project say that without World Bank involvement the consortium, as presently constituted. will be unable to go ahead.

Without World Bank guarantees, financing costs will be so high and export guarantees so difficult to obtain that the project would not generate the returns the developers

force the Lao government to reduce its stake in the project, thus upsetting the delicate balance be public and private gain that the developers have crafted.

For some officials at the World Bank this is reason enough to sup-port the dam. "If we don't help out, the Lao will be forced to turn to others who won't give them a very good deal, either economically or environmentally," says one senior bank official.

Developers say World Bank involvement would also give Nam Thuen II environmental and social legitimacy. "People would know that we are following international standards if we have to meet the bank's standards on things like environmental impact and relocation," says Iverach,

But to many environmental-ists, the Idsa that World Bank involvement somehow ensures the reputation of a dam developer is ludicrous. Just across the Mekong in Thailand, the Pak Mun Dam, completed in 1994, was supposed to be a model World Bankassisted project. But hundreds of villagers from the dam area have fust spent a month camped outside Thailand's Government House, protesting that shoddy implementation of Pak Mun's environmental mitiga-

tion plans had ruined their lives. Lao villagers, living under a gov-ernment run by a military-dominated politburo, have no such recourse. But some environmental-ists say they will support Nam Thuen II in any case, es long as the World Bank is involved.

"This project is a way to bring resources and management expertise into the area," says Alan Rabi-nowitz, Asia director of the Wildlife Conservation Society, who led a survey of the reservoir and catchment areas paid for by Nam Thuen II developers.

The survey uncovered important populations of new or recently dis-covered mammal species, including the glant barking deer, the yellow pig, the saola - a shaggy brown and white deer "discovered" in 1992 -and several undescribed types of small bird.

These wildlife populations are under a lot of pressure right now some will be extinct in the near future - and to protect them the Lao need money," he says.

Some environmentalists opposed

to Nam Thuen II, including the International Rivers Network, admit that with logging continuing unabated, much of the immediate environmental battle has been lost. But they continue to fight, worried that if Nam Thuen II goes ahead so will many other dams, thus danger-

&OPTIONS

TRADERS

ously altering the ecosystem of the entire Mekong Basin. They also hope that the controversy will force Laos to consider alternatives to mass-scale hydropower.
These arguments resonate with

many in the World Bank who have reservations about the project. "We need to reassure ourselves that this is the right project for Laos, that other potential alternatives have an inferior mix of economic gain and environmental cost and that imple-mentation will take place in the right manner," says one,

At the moment, sceptics within the bank appear to have the upper hand. Late last year, after a 15-member team visited the dam site, bank staff outlined in 34 pages what would have to be done before Nam Thuen II would even be formally considered by the bank.

Among the requirements, the Laos government must undertake a study of alternatives and prioritise other electricity-generating options, which might include abandoning the hydropower dream altogether in favour of sourcing electricity from within Thalland. So far, Lao authorities have

balked at this and the other undertakings asked for. They remain fully committed to Nam Thuen II, other hydropower projects and logging, as they wait for someone finally to build the dam.

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John Griffiths on two devices that may make recycling cars easier

Picking out plastics

ne of the most intractable problems of scrapped car recycling – bow to identify the plethora of plastic composites now used in vehicles construction - has moved a big step closer to solution as the result of work by Ford and

Southampton University.
They bave jointly developed two devices, working on separate principles, which can identify more than 200 types of plastics

within seconds.
In conjunction with identifying marks increasingly being introduced on different composites at the production stage, they should allow the motor industry to make significant reductions in unrecyclable automotive waste. the two parties maintain.

"Although many plastics look

alike, just 1 per cent of an incompatible plastic can be enough to ruin an entire batch of recyclate," according to Walter Brandstetter, Ford of Europe's director of environment and

Neither the technology nor the equipment is being kept within Ford. A contract has been given to Fluid Film Devices, a specialist engineering company based at Romsey, near Southampton, to manufacture the equipment for sale to third parties.

Agencies have already been set

up in Germany, Austria, Australia and Canada and the equipment is undergoing trials in North America. Ford said it intends that each of its 18,000 dealers around the world will be equipped with the cheape version of the equipment to help in localised recycling.

As its name implies, one identifier, the Spectromete analyses the spectroscopical "fingerprint" of the material being examined. It then compa this with its own integrated database of more than 200 plastic types. Should it be of a new type not on its database, the composition of the new material can be quickly added to the

database. Whereas the Spectrometer is intended for larger scale applications, the second identifier, called Tribopen, is intended for hand-held use by car dismantlers. It works on the basis of tribo-electric charges which occur when a metal or plastic surface is rubbed against the part A wide range of different beads for the pen cover all possible plastics used in the car's construction. It is this equipment, costing around £1,000, which Ford wants to see installed at dealers. The larger-scale Spectrometer, aimed at the recycling industry itself, costs £30,000-£40,000.

The equipment is being further developed to be able to identify.

foam and rubber compounds. It is also being tested by police forces for use in forensic investigations.

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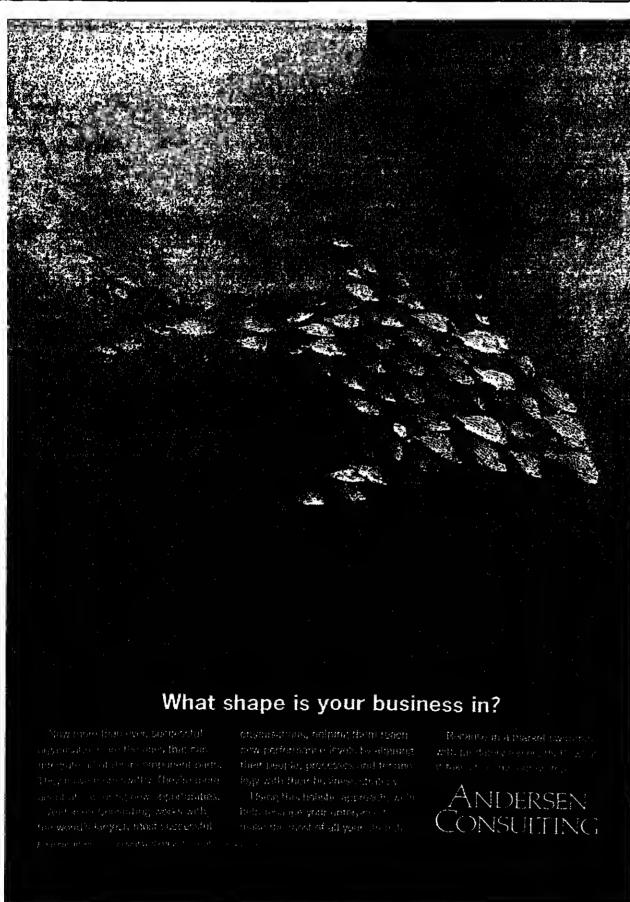
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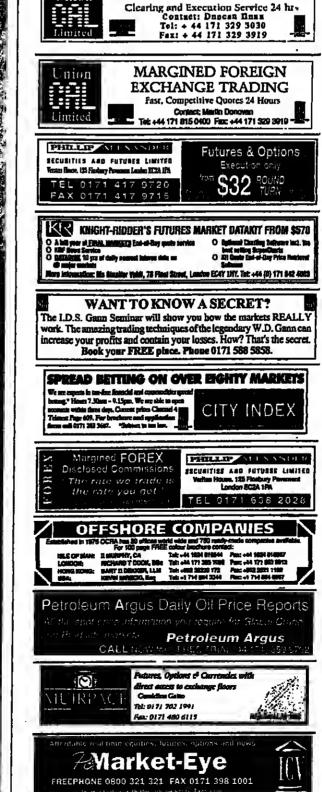
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Ford wants to see the Tribopen plastics identifier installed at dealers





PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTION 10(7) OF THE **TELECOMMUNICATIONS ACT 1984**

Licences to run relecommunication systems under section 7 of the Telecommunications Acr 1984 granted to COLT Telecommunications ("COLT"), SWEB Telecoms Limited ("SWEB"), National inications Limited ("NTL") and Atlantic Telecommunications Limited ("Atlantic").

1. The Secretary of State hereby gives notice as follows.

 a. that he has duly reconsidered the proposals in respect of which he published a notice on 21 April 1995 in respect of COLT, on 4 August 1995 in respect of SWEB, on 22 December 1995 in respect of NTL and on 19 May 1995 in respect of Arlantic under subsections 8(5) and 10(6) of the Telecommunications Act 1984 ("the Act") regarding his intention to grant to each of COLT, SWEB and NTL a licence to run telecommunication systems throughout the United Kingdote and to apply the relecommunications code ("the Code") contained in Schedule 2 to the Act to each of them throughout the United Kingdom and to gran to Atlantic a licence to run telecommunication systems in the Strathelyde region and to apply the Code to Atlantic there. With regard to COLT he also stated his intention to revoke the licence issued to City of London Telecommunications Limited on 21 July 1993 under the Act to run elecommunication systems in London and its vicinity:

b. that he has granted licences to COLT, SWEB, NTL and Atlantic, being ficences which include conditions such that section 8 of the Act applies to each of them, thereby making each of them eligible to have the Code applied under section 10 of the Acr;

c. that in the case of COLT, SWEB and NTL he has applied the Code to each of them subject to certain exceptions and conditions throughout the United Kingdom and that in the case of Atlantic he has applied the Code to it thoroughout the Strathclyde region. The effect of these exceptions and conditions is that COLT, SWEB, NTL and Atlantic

i. to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apperatus as is already installed for any

ns designed in cosure efficiency and economy nn the part of each of them, to connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its appartume;

iii. to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Constraide Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity

iv. to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in each licence to the powers under the Code; and v. to ensure that sufficient funds are available to meet certain

liabilities arising from the execution of street works. 2. The Secretary of State has applied the Code to COLT, SWEB, NTL and

a. because each of them will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run ander each licence; b. subject to the exceptions and conditions referred to above because they

subject to the exceptions and conditions referred to above because they are considered requisits or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land them nescessary, that the systems are installed as safely and economically as possible, and that COLT, SWEB, NTL and Atlantic can each meet (and relevant persons can enforce) liabilities arising from the execution of works. from the execution of works. . The Secretary of State has granted each licence because he considers that It will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will protoote the interests of consumers

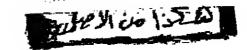
in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of relecommunication services. s. Each Licensee has been granted for a period of 25 years in the first

instance and is subject in revocation by the Secretary of State on 30 days' notice in the circumstances specified in each licence. Copies of each licence can be obtained from the Office of Telecommunications (Library), 50 Ludgate Hill, London EC4M 7II, price £12.00 each, postage and packing free.

Department of Trade and Industry

15 May 1996

Æ,



ll of us at one time

or another have

thrown ourselves

onto the old green

Technology is no substitute for talent

in front of the television, thinking "I'll just watch the news headlines", telling our-selves that keeping up with zap through all the channels in the profound belief that somebody somewhere must be current affairs is a responsible thing to do, quite different from wasting time on a 30-year-old episode of *The Aveng*showing that high quality, yet undemanding, informative, yet ers or, worse, a new episode of non-boring programme which we want, which will leave us BBC1's old situation tragedy, The Liver Birds. And all of us feeling good about spending 45 have felt our hearts sink at the minntes - well, at most an first item on the news, groanhour - in front of the box, and ing "Oh they're not still on will send us contented to bed. We would check Radio Times about that", and switched to another channel. All of us or some other listings magahave then thought "Good zine, but we know that (taking grief, this is even worse" and tonight as an example) cryptic flicked through the remaining entries such as Jeopardy, Mac-kenzie, Ario and Fur You, two terrestrial channels, concluding "There's nothing on cropped to the limit in order to make enough space to list all Far fewer have then thought the channels, will leave us uone the wiser. So we work our way through

"Well I'll just check what's on the satellite" (and fewer still the cahle) hecause only a minority of viewers have bothered to fork out for these multi-channel extras. But for those who have, the hahit is to

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have to wait for the commer-cials to end. Perhaps the average is 40 seconds. So It takes half an hour to work through the entire system, at which point we snarl "There's nothing on onywhere". However, we know that hy this time a major programme junction has been passed since we began zapping, so it is time to start all over again. Hating our-selves, we hit the "Channel +" hutton once more But soft! What light through

yonder wide screen hreaks? It is the digital revolution and It is coming this way. Not 46 channels but - according to a mixture of promises and predictions made last week hy the BBC and BSkyB - more like the 40 or 50 extra channels. 460. Each. Well now, jnst pass that envelope and a pencil would you: if it takes half an discovering what is on offer. This takes a few seconds on some networks but a minute hour to zap through 46 chanor more on others when we

take tn zap through 460? About five hours...at the end of which, no doubt, the cry will be "There's still nothing on the telly!"

his, however, is the sort of technophohia up with which David Elstein, head of programming at BSkyB, will not put. Whatever Elstein is currently doing, he believes in it with greater passion than anyone around. Decades agn as a lowly employee he was a passionate trade unionist. Then a passionate fighter for Channel 4. Then, as an independent producer, a passionate proponent of indy rights. Next, as an ITV executive, the most passionate champion of ITV. Now the passion for Rupert Murdoch, BSkyB and digital doodas.

expansion of broadcasting has experienced the same response: initial hostility from the guardians of the status quo (who needs more?) fol-lowed by reluctant recognition that the quality of TV has improved. Really? If be had said "recognition that the quantity of TV has increased" nobody could argue. As it is, many of us recognise that, just as English theatre in the 1990s is inferior to that of the 1590s, so television today is inferior to that of the period 1965-75 when Elstein was busy with such programmes as Pan-orama, This Week and The World At Wor. Elstein added "Digital hroadcasting, how-ever delivered, will be a quan-

tum leap forward". Maybe; we

shall see. No doubt many peo-

ple will be attracted by the

better quality of picture and

not to say they will want 460 or 920 channels. In 1982 when Channel 4 opened it became clear that a our TV sets - every aspect of every sport at the Olympics on fourth network increased the difficulty of many viewers in handling programme choice by a separate channel, every picmuch more than 25 per cent. Ah, we shall be told, but that ture from every camera posiwas just the old fogeys: look at

today's 10-year-olds, surfing the Internet and zapping through as many channels as they can find. Leaving aside the suspicion that these people are not actually watching anything but are merely addicted to the stimulation of the optic nerve, the point is that 10year-old boys are the only people with such enthusiasms. They may have been born in the 1960s or even the 1950s and be working in hanks or polytechnics - whoops, universities - hnt there is something about them that will never

advance beyond the age of 10. For the rest of us the pros-pect of having such tidal waves of material sent into

tion at a football match, every conceivable angle on every news story - sounds more like a threat than a promise. The worst aspect of today's newspapers is the hinary fission which causes them to split every month or so, donhling the number of supplements, so that the reader has to spend as long selecting and rejecting as he used to spend reading the key elements. The art of journalism has always been in selection and editing, hut modern technology seems to be destroying this and sim-

There have been new bits of television technology we have jumped at. We traded up to colour TV when it came, and the British proved remarkably keen on the VCR.

But, given that the majority of VCR owners still cannot programme their machines but w only how to switch on in real time, how many will ever master the art of finding the Olympic Volleyball (Women's) channel among the other 919, or even 459? Assuming each new movie really is shown on lots of different channels. starting at 10 minute intervals so you are never more than a few minutes from the next pay-per-view screening, how many will prefer finding their way through the maze to the right place for that rather than renting a video on the way home?

Technology is no substitute for talent. You can have hundreds, or thousands, or tens of thousands of channels but the sanest thing ever said about the computer age will still be true: GIGO - garbage in. garbage out. The machine will not improve the raw material.



Rosemary Martin with Alan Bates as Simon Gray's Hench, 25 years on

Theatre/Ian Shuttleworth

Bates connects in 'Simply Disconnected'

ne of the most succinct lines in 20th-century drama occurs in Under Milk Wood, when Willy Nilly Postman (having already steamed open the villagers' mail) informs a recipient, "it's another paternity summons, Mr Waldo."

Problems of paternity on all sides bedevil Simon Hench, the protagonist of Simon Gray's Otherwise Engaged who returns 25 years on in a sequel which finds him no less divorced from the world, and the world no less insistent on making its presence felt. Hench's married housekeeper is carrying a baby which may be his, his married brother is under investigation for molesting one of his 13-year-old public school pupils, and he is held at gunpoint by the dis-turbed offspring of a casual liaison a quarter of a century earlier, when all he

wants to do is spend a quiet Sunday listening to a tape of his late wife in the church choir.

In 1992, John Oshorne's appalling Dejavu revisited a middle-aged Jimmy Porter who was as crudely hilious as ever. Simply Disconnected likewise overeggs the pudding at times, with an only sporadically and mildly amusing running gag about Hench's atrocious memory for names and a cut-off phone standing as a needlessly hlatant symbol of his condition. However, Alan Bates (who created the role of Hench in Otherwise Engaged) gives a beautifully controlled performance. Each set of footsteps on the gravel path, each new or repeated arrival through the French windows of his Cotswold drawing room is greeted with the same air of polite, dispassionate distraction.

Only twice during the play does his voice rise above the almost monotooous calm of a man whose attention is consistently either in the distant ether or deep in himself teffectively the same thing), yet Bates - under the direction of Richard Wilson - never remotely begins to bore. Benedick Bates as the howling, stuttering, substance abusing, revolver waving Julian Wood is given an object lesson in "less is more" acting by his father. Only when external circumstances begin to return to an empty normality - give or take Gawn Grain-ger's disbevelled, drunken travel writer in one corner of the room - does the

strain show on Hench. Apart from a hrief and immediately stifled howl of anguish. Alan Bates does not seem to modulate his performance at all, yet it now poignantly conveys

the painful effort and loss which underlie his disconnection.

In the midst of Charles Kay's stuffedshirt hluster as brother Stephen, John Michie's casual neanderthalism as "chauffeur" Greg and Rosemary Martin's hibulous nymphomania as Gwendoline, Bates remains as the still but

now clearly suffering centre.

Simply Disconnected is not an especially distinguished play, focusing as it does on characters whose tribulations are circumscribed both socially by their age and class and dramatically by the work's nature as a sequel, but Wilson's production is brought to life by Bates' remarkable central perfor-

Al the Minerva Theatre, Chichester, until June 1 (01243-781312).

Concert/Stephen Pettitt

ply passing everything, unre-fined, to the customer.

Muti's magic Bruckner

he criticisms perenni-ally lobbed at the Vienna Philharmonic Orchestra, such as the complacent club atmosphere it exudes, its absurd refusal to admit female musicians and its reliance upon solid traditious. retain their validity, But say what you like ahout them, these players are still one of the finest ensembles in the world, capable of superlative music-making, On its third and final visit of

the season to the South Bank the VPO brought Riccardo Muti along as conductor for the evening at the Royal Festival Hall. Though sometimes the image he projects, and certainly the gestures he makes, suggest otherwise, Muti is far more than one of those showy conductors guaranteed to impress andiences in that superficially Italianate way. He is a thinking, intuitive conductor with stylistic insight. He proved as much in the major work of the evening, Bruckner's Seventh Symphony.

For listeners as well as orchestra this is usually a vast and exhausting work. But hy the time Muti had finished with it, the previous 70 min-utes seemed to have passed in a flash. Muti did not see this most satisfyingly complete and all-embracing work of Bruckner as a series of tapered blocks, as many conductors do. In his hands, the music bad a cogency, a line, that helped it surge across any structural hiatuses, of which in any case there are fewer in this work than in many of his other symphonies. It was compelling stuff; frankly it put one or two of the London Symphony Orchestra's recent efforts in Bruckner, fine though they were, in the shade.

The sense of a smooth

journey could not on

this occasioo he

entirely explained by

the luxuriant smoothness of the Viennese sound either. For we had to tolerate an oboe that was curiously rasping in tone - heyond what could be explained by regional differences in taste - and conspicuously imperfect in intonation. Reed problems, perhaps, but the sound stuck out like a sore thumb. On the other hand the various hrass choirs - fat, German trumpets, beautifully rounded borns, sonically gargantuan Wagner tubas -

more glorious and carefully honed, matching the silken perfection of those strings And the single clash on the cymbals in that wonderful slow movement, the moment that is supposed to signify the death of Wagner, was played by nothing more than the modestly sized pair the VPO customarily uses A small point, perhaps, hut the sound, a protracted lightning flash, was thus the climactic adornment it should be rather than a gesture that annihilates every other sound around it

This mighty performance had heen preluded hy something altogether less distinguished, a reading of Mozart's Symphony No 34 in C that was perfectly neat hut whose very richness and finesse proved its undoing. Mozart that is so polite and poised is not a Mozart of human dimensions, particularly in a piece so full of drama (first movement) and sharp wit (last movement). For that one needs an orchestra with more sense of adventure. one that cares not a jot about the musical equivalent of using the right knife and fork. Manners maketh man; but make asserted themselves in ways Mozart they do not.

Albert Hall scoops lottery jackpot

he Royal Albert Hall is to receive £40m in lottery money - £20m from the Arts Council and £20m from the Heritage Lottery Fund. The money will be spent on a complete over-haul of stage and back stage facilities, and improvements in

the seating area.
The work has already started - 1,700 refurbished seats in the balcony will be ready for the Proms in July - and will be completed by the year 2003. The Albert Hall plans to raise £18m towards the redevelopment from its own resources, from budgeted surpluses over

the seven years. Chief executive Patrick Deuchar hopes the venue will remain open during the renovation. Indeed, he expects to play host to a new client, the Royal Opera House, which must close between 1997-99 for its own massive redevelop-

completion for the Royal Opera to appear at the Albert Hall for two seasons of two to three weeks each year, with the Royal Ballet perhaps appearing for one similar season. Deuchar is keen to present

more opera and dance at the Albert Hall. The recent La bohème, produced hy Raymond Gubbay, exceeded expectations and another popular opera is scheduled for 1997. Appearances by the Royal Opera and the Royal Ballet should stimulate enquiries from leading overseas companies.

Around £12m of the £58m development costs will go towards creating a new truck area under the south steps which will greatly facilitate the turn-round of productions. Rebuilding the south porch will cost another £7m and there will be extensive improvements to the audito-

ment. Negotiations are close to rium, with oew bars, restaurants and shops, and to the acoustics. The whole area around the hall will be pedestrianised.

The Alhert Hall promotes itself as the "nation's village hall" and, warming to the theme, Deucbar bopes to invite village halls throughout the land to use the facilities of the hall for their arts events to celehrate the millennium. He also plans a National Orchestra Week, presenting the UK's non-London based orchestras; more youth, rock and Third world concerts; and to develop the hall's early interest in sci-

Currently the Royal Albert Hall is enjoying great success. It plans 305 events this year, almost 20 above forecast, and its revenue is also ahead of estimate.

Antony Thorncroft

INTERNATIONAL

■ AMSTERDAM

JAZZ & BLUES Bimbuis Tel: 31-20-6233373 The Persons: alto saxophoniat/ clarinettist Michael Moore, guitarists Nick Kirgo, Dan Licht and Danny Petrow, cellist Ernst Reijseger and drummer Michael Vatcher perform jazz music; 9pm; May 16

■ BERLIN

CONCERT Philharmonie & Kammermusiksaai Tal: 49-30-2614383 Petite Messe Solemnelle: by Rossini. Performed by the Philharmonischer Chor Berlin with conductor Uwe Gronostay. Soloists winclude S. Spinetti, J. Nemeth, V. Ombuena and E. Sllins; 8pm; May

OPERA Staatsoper unter den Linden

Tel: 49-30-2082861 Der Ring des Nibelungen: Siegtried: by Wagner. Conducted by Daniel Barenboim and performed by the Staatsoper unter den Linden. Soloists include Siegfried Jerusalem, Graham Clark and John Tomlinson; 4pm; May 18

■ BIRMINGHAM CONCERT

Symphony Hall Tel: 44-121-2002000 John Williams and Timothy Kain: the guitarists perform works by Houghton, Westlake, Albeniz and De Falla; 8pm; May 17

■ BRUSSELS

THEATRE Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944 Danton's Death: hy Büchner (in Dutch). Directed by Theu Boermans and performed by De Trust and De Koninklijke Vlaamse Schouwburg The cast includes Peter Tuinman, Jappe Claes, Bert Andre and Khaldoun Elmecky; 8pm; from May

CARDIFF

18 to May 28

CONCERT St. Davids Hall Tel: 44-1222-878444 Russian State Philharmonic Orchestra: with conductor Valery Poliansky and violinist Julia Krasko perform works hy Rachmaninov, Prokofiev and Tchaikovsky; 7.30pm; May 17

■ COLOGNE

CONCERT Kölner Philharmonie Tel: 49-221-2040820 Philharmonischer Chor-Nacht: choir works performed by the Chor des Kölner Bach-Vereins, the Johannes-Kanlorei Klettenberg, the Kartäuserkantorei, the Kölner Kurrende, tha Konzertchor Kötn, the Mülheimer Kantorei Köln and the Oratorienchor Köln; 8pm; May 18 Sarah Leonard and Simon Estes: performance by the soprano and bass-baritone, accompanied by planist Pi-Hsien Chen, the Kölner Rundfunkchor and the Kölner Rundfunk-Sinfonie-Orchester with conductor Peter Hirsch. The programme includes works by R. Schumann, Zimmerman and Detz; 8pm; May 17

DRESDEN **OPERA**

Sächsische Staatsoper Dresden Tel: 49-351-49110 ● La Bohème: by Puccini. Conducted by Klauspeter Selbel and performed by the Sächsische Staatsoper Dresden. Soloists include Birgit Fandrey, Eva Kirchner, Marco Berti and Olaf Baer, 7.30pm; May 17

■ FRANKFURT

CONCERT Atte Oper Tel: 49-69-1340400

Idomeneo: by Mozart. Concert performance by the MET Orchestra with conductor James Levine. Soloists include Plácido Domingo, Anne Sofie von Otter and Renée Fleming; 8pm; May 17

■ GENEVA

AUCTION Sothebys Genève Tel: 41-22-7328585 Magnificent Jewellery: highlight of this sala is the largest oval "D" colour internally flawless diamond ever to be offered at suction. The

diamond weighs 58.54 carats; 10.30am, 2.30pm & 8pm; May 16, 17 (11am)

■ GLASGOW

CONCERT Glasgow Royal Concert Half Tel: 44-141-3325633 Roger Whittaker: the first British tour by Roger Whittaker in four years. He is joined by his own musicians and singers to present e show featuring songs from Broadway, Hollywood and all over the world; 7.30pm; May 16

LONDON

CONCERT Royal Festival Hall Tel: 44-171-9604242 Krystian Zimerman: the pianist performs works by Haydn, Beethoven and Schubert; 7.30pm; St. John'a, Smith Square

EXHIBITION

Barbican Theatre

Tel: 44-171-6388891

Tel: 44-171-2221061 Sarah Walker and Tom Krause: accompanied by planist Graham Johnson. The mezzo-soorano and baritone perform songs by Brahms,

R. Schumann and Mahler, 1pm; May

Whitechapel Art Gallery Tel: 44-171-5227888 ● Renato Guttuso: exhibition devoted to the work of this Italian painter, who is best known for his narratives of Italian street life and contemporary events that he began to paint in the 1930s; from May 17 to Jul 7 THEATRE

performed by the Royal Shakespeare Company. The cast includes Christopher Benjamin; 7.15pm; May 18, 17, 18 (also 2pm)

Julius Caesar: by Shakespeare.
 Directed by Peter Hall and

■ LOS ANGELES EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000 Masterpieces in focus - Paintings of Zhi Garden by Zhang Hong: Revisiting a Seventeenth-Century Chinese Garden: this exhibition focuses on e set of Chinese alhum paintings entitled "Paintings of the Zhi Garden" by Zhang Hong; from May 16 to Jul 21

■ NEW YORK

CONCERT Affice Tully Hall Tel: 1-212-875-5050 Ein Heldenleben: by R. Strauss.
 Performed by the Juilliard Orchestra with conductor Carl St. Clair, 8pm;

May 15 Avery Fisher Hall Tel: 1-212-875-5030 The New York Philharmonic: with conductor André Previn perform Mozart's Divertimento, K138 and Symphony No.40; 8.45pm; May 16

PARIS

CONCERT Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50

 Tokyo Symphony Orchestra: with conductor Kazuyoshi Akiyama and planist Mariko Horie perform works by Takemitsu, Saint-Saëns and Brahms; 8.30pm; May 16

Musée National du Moyen-Age -Thermes de Cluny Tel: 33-1 43 25 62 00 Un Trésor Gothique: la Chasse

de Nivelles: exhibition devoted to the reliquary of Saint Gertude de Nivelles, a masterpiece of Gothic goldsmith'a art; to Jun 10

■ ROTTERDAM CONCERT

De Doelen Tel: 31-10-2171700 Rotterdams Philharmonisch
 Orkest: with conductor Sir Simon Rattle and mezzo-soprano Jard van Nes perform works by Gubaidulina, Mahler and Brahms; 8.15pm; May

■ VIENNA **EXHIBITION** Museum des 20. Jahrhunderts

Tel: 43-1-7996900 • Franz West - Proforma: this exhibition provides an overview of the ocuvre of the Viennese sculptor Franz West; to May 19

ZURICH **OPERA**

Opernhaus Zürich Tel: 41-1-268 6666 Rigoletto: by Verdi. Conducted by Oleg Caetani and performed by the Oper Zürich. Soloists includa Nadine Asher, Rolf Haunstein, Cheyne Davidson and Martin Zysset 7.30pm; May 17

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WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV (Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

FT Business Momina

European Money Wheel Nonstop live coverage until 15.00 of European business and the financial

Financial Times Business Tonight

CNRC:

Squawk Box

European Money Wheel

Financial Times Business



Ian Davidson

ment have been so widely

quoted in London, and with

But if national machismo

and militarism are to be the

deep purpose of a revived entente cordiale, it is not so much a strategy, more a form

of nostalgia. The Gulf war was

a one-off: if a similar chal-

lenge arises, the western allies have so depleted their defence

budgets that they could not

repeat the operation. French

and British forces have been

valiant and professional in

Bosnia, but both governments

have made clear they will go

no farther than peacekeeping

of one kind or another. The second delusion, much

more prevalent in London

than Paris, is that a new Fran-

such pleasure

State of delusion

Despite the hopes surrounding Jacques Chirac's visit to the UK, any revival of the entente cordiale faces harsh realities

nation-state, means military There is something touching about the hype surrounding credibility. And in the 1991 this week's state visit to the UK by Mr Jacques Chirac, the French president. Officials on both sides have been waxing lyrical about the unprecedeuted warmth in the relationship between these two ancient rivals. British officials even say it will mark a new "golden age" in relations between Paris and London.

The contrast with the bruising Anglo-French confrontations of recent decades could hardly be greater. Unfortunately, this week's gladhanding does not mean any-thing fundamental, on either

Naturally, there is every reason why Franco-British relations should be excellent because the two countries have so much in common. Both are old nation-states with proud memories of their glorious histories and worldwide roles. Both are middle-sized nuclear powers, with permanent seats on the United Nations Security Councfl. Both are advanced industrialised countries facing difficult transitions in the world of global markets. Now their imperial rivalries have been swept away, they should have much to unite them and nothing fundamental dividing

These general factors of common interest have been bolstered by a recent upsurge in practical co-operation, notably in the defence field: in Bosnia, in behind-the-scenes consultations on nuclear strategy, and in Britain's lone support last year for Mr Chirac's controversial decision to resume nuclear testing. Yet it is difficult to avoid the sense that excited talk of Franco-British co-operation is based on two types of self-delusion. The first - shared equally by Paris and London - is the

hope that partnership can help restore the two countries to credibility and legitimacy as old-style national actors on the world stage. Credibility, in the tradi-tional vocabulary of the

provide a way of finessing the emergence of German domi-

nance in Europe. Mr Chirac flirts with the Gulf war, it was the British boast that they had deployed idea that stronger friendship much the biggest (and best) army after the Americans, and with the UK could belp restore French glory. John four times as large as the Major, the UK prime minister, French. So when Mr Chirac imagines that stronger friendannounced his defence reform ship with France could belp plan in February, abolishing him escape from his growing national service and creating a professional army, he paid isolation in the European Union. Both hope their allithe UK a compliment unpreceance could shift the balance in dented from a Gaullist be favour of a Europe of nationwanted the reconstructed French army to be as good as states and against growing German demands for a federthe British army. Rarely can alist European Union. any French political state-

The problem with such daydreams is they have no sub-stance. Mr Chirac's instinct may be for a more Gaullist Europe, but France is caught up in the toils of an integrated Europe. He is simply unable to resist the consequences of the long-established partnership with Germany.

The compelling infinence of

Helmut Kohl, the German chancellor, over French policy has been spectacularly demonstrated on two occasions in the 12 months since Mr Chirac was elected. The president came to power promising to heal the social divisions in France, with more jobs and lower taxes. That sounded as though he might be having second thoughts about economic and monetary union



Military imperative: Chirac backs co-operation in defence

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Jules-Louis Audemars, Edward-Auguste Piguet. 1875.

and whether to stick to the budgetary austerity needed for France to join the single currency in 1999. He ruminated on these themes during his first months in office until Mr Kohl summoned him to Bonn in October.

After their meeting, the two leaders declared they were firmly agreed on the need for monetary union in Europe, in full and on time. Back in Paris next day, Mr Chirac announced that cutting bud-get deficits was, after all, the top priority of his presidency. A similar drama has now been played out over French defence policy. The Germans were quite upset by Mr Chirac's defence reforms, which he announced in ontline in February. They had not been informed in advance; they

were disturbed by the abandonment of national service in France; they were worried that French budget cuts would disrupt Franco-German joint arms projects; and they did not like the Gaullist spin that it was primarily designed to enable France to deploy forces overseas - in other words, outside Europe.

Before the French cabinet adopted the defence reform plan on Monday, Mr Chirac was invited unexpectedly to Bonn last Friday to explain his policy. There, he assured Mr Kohl that the French reform plan was designed fully with Europe in mind; and the two leaders agreed they would continue to work towards the development of European defence co-operation in Nato. A German spokesman said they had agreed on all subjects; but just to make sure. Mr Kohl and Mr Chirac will now meet every six weeks to discuss defence issues.

Britain and France will trumpet their new-found friendship this week, making much of their mutual esteem and their glorious pasts. But the French know better than the British that their occasional ad hoc flirtations cannot turn into a serious rela-tionship until the UK settles its position in Europe.

·LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SEI 9HL.

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Countries behind UN budget problem

From Mr George Chrysophinis. Sir, Edward Mortimer ("Tight hand on the purse" May 9) chooses the case of The Committee on Missing Persons of Cyprus as an example of waste of UN funds and hits the nail on the bead. It is small countries with a UN vote which are responsible for the budget impasse, helped by their strong friends in the US

But think for a moment: if Cyprus really had powerful friends in Congress, would we still be looking for missing persons? Would they not have been accounted for by now? The present situation appears more like a case of throwing money at a problem which they would rather not solve. possibly an example among many. Indeed, it would be futile to talk of financial efficiency for the organisation if its missions and aims are no transparent

However, those who would be interested in innovative solutions to the UN's budget woes should take note of the Cyprus government's long-standing offer to pay for the upkeep of an enlarged UN peacekeeping force on the island, which would replace tha Turkish occupation forces and the Cyprus National Guard. The proposal went unnoticed by the cost-conscious international community, probably thanks to the Cyprus republic's powerful friends in Congress.

George Chrysaphinis. 6, rue de Montheuron, 78000, Versailles, France

UK industry must prepare for Emu

From Mr Robin Geldard. Sir, On May 10, the Bank of England launched a campaign to persuade tha City to speed up preparations for a Single European Currency "City urged to prepare for Emu" May 10). But who is preparing business for the impact of a single currency? Whether the UK is in or out,

ousiness will need to prepare itself. Pricing decisions. invoicing systems, contractual arrangements, promotional literature and many other issues will need to be considered well in advance of the introduction of the Euro. It that in recent correspondence

with the British Chambers of Commerce, Malcolm Rifkind, the foreign secretary, considered it to be "premature" to establish a "commission" to consider the implications for business of a singla currency.
While the politicians argue

over Europe, for business it is a reality. If we are to compete effectively we must be prepared for all eventualities. Without making any judgment as to the merits of a single currency - and regardless of whether the UK

Robin Geldard, participates - the practical 9 Tufton Street implications need to be ed and clear guidance and a timetable given for the

steps that business must take.
The City has the resources
and expertise to work these things out, and the Bank of England will not let anything go to chance. The British Chambers of Commerce will be drawing up their own plans to provide guidance to business over the next few months, It would help if government added its resources to this

president, The Association of British Chambers of Commerce, London SW1P 8QB,

New practices cure for manufacturing ills

From Mr Arthur Francis. Sir, Martin Wolf ("The ills of manufacturing", May 14)
rightly points to the creditable growth in manufacturing productivity but is too critical of output performance. Although output rose only 1.3 per cent between 1973 and 1992, this hides a process of continuous decline until the late 1970s and a dramatic improvement since the early 1980s. Martin Wolf says there is no point in bemoaning 200 years of history since it cannot be undone. But undoing our Victorian industrial legacy is

manufacturing industry have been doing in the past 15 years. The legacy of which Prof Barry Eichengreen writes, to which one must add the legacy of outdated management practices, began to be tackled after the shock of the disastrous collapse of UK manufacturing industry between 1979 and 1981, partly

exactly what managers in UK

by indigenous managers, but largely by foreign companies' inward investments. Not only has this dramatically increased productivity but, as the chart in Martin Wolf's article shows, manufacturing output since 1980 has increased by about 30 per cent, almost exactly in parallel with EU manufacturing output as a

If there is a problem with manufacturing, it does not seem to be lack of output growth. There is little avidence of the need for the institutional interventions suggested by Michael Kitson and Jonathan Michie, and it is hard to see that the root problem is, as Martin Wolf suggests, lack of incentives. The fundamental challenge is to continue the transformation of manufacturing industry in the

UK. The incentives are there. It is the job that is difficult. Much of this transformation is taking place by deaths and

births - the almost simultaneous announcements of the closure of the US-owned Cummins engine plant and the opening of the Korean Chunghwa video monitor plant in Scotland's central belt is a good illustration of this

But many managers are trying to revivify our existing manufacturing base by injecting new management and organisational practices. Continuing to build partnerships between companies and the educational, training, research and consulting enterprises that are supporting this are the kind of institutional activities that should be encouraged.

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Arthur Francis, professor of corporate strategy, University of Glasgow Business School, 53-59 Southpark Avenue. Glasgow G12 8JF, UK

Air quality plans effective

From Mr Hubert W. Knoche. Sir, The European Commission is not about to set 'lax" limits on petrol additives (sic) as your story "Brussels to set limits for petrol additives"

(May 11/12) suggests. It is about to propose a package of measures to address air quality targets which are all more severe than those in use in the US. They will be the most cost-effective combination of PA Teach Prochanges, fuel modifications and inspection and maintenance improvements and, hopefully, non-technical measures (such as traffic

individual member states. The Commission's auto-oil programme (in which both the motor vehicle manufacturing industry and the oil industry have assisted) has shown that the KU's air quality problems are not the same as in the US.

management solutions) in

For example, the Commission has found that nitrogen oxides (NOx) are the chief air quality problem in Europe, and its research has shown that reducing the aromatic content of gasoline can actually crease NOx emissions from catalyst-equipped cars. Therefore the EU is to receive especially targeted legislation rather than expensive regulations which fail to iress Lurope's rea environmental needs.

The EU's air quality improvement measures will be substantial and cost-effective. Responsible onlookers should appland the Commission for its approach.

Hubert W. Knoche, secretary-general, **European Petroleum Industry** Association Madon Plaza, Place Madou 1,

Invest in renewable energy

From Mr Peter M. Heilmann. Sir, Your article about nuclear fusion ("Jet gets off the ground", May 8) ends with the statement that if present progress continues, it is perfectly feasible that a nuclear-fusion power station could be providing mankind with an abundant power source in the future. May I remind you that renewable energy (such as solar and wind ver), not nuclear nis virtually non-polluting". If the US, Japan, Russia and the EU invest \$6bn at today's prices, spread over 10 years, in researching and generating renewable energy instead of investing it in Iter (International Thermonuclean Experimental Reactor), the world will finally start receiving unlimited benefits from a source of energy that is inexhaustible.

radioactive pollution "to a minimum". Let's put taxpayers' money to a better, cleaner use and start investing in safer, renewable energy. which is much more environmentally-sustainable than nuclear fusion. Indeed. I agree with Mr Tom Elsworth. Jet's spokesman, when he says that, realistically, nuclear ikely to be chesp than current energy sources. I disagree that it will certainly be much cleaner. On the contrary, renewable energy is much cleaner, much safer and is the energy source for generations to come.

sceptics, of course, who believe

that nuclear fusion will keep

Peter M. Heilmann, founder and director, **Eco-Network International,** Top Floor, 101 Pixmore Letchworth, Herts SG6 1QX

Personal View · Jeffrey E. Garten

Time to stop trading threats

The US's hardline approach to China could have serious consequences, with no easy solutions



There is an air of Greek trag-edy surround-ing the prob-lems building lema building up between the trade, with US and China over trade, with all signs pointing to a danger-ous escalation of tensions and no plausible way out.

Three issues are at play. Most immediately, Washington is poised to impose billions of dollars of tariffs on Chinese imports because of Beijing's failure to implement agreements on the protection of intellectual property rights. The Clinton administration points to China's failure to close plants that are pirating US recordings, films and other such products.

At the same time Congress is gearing up for its annual debate over the extension of normal trading privileges for China - ao-called Most Favoured Nation treatment. The vote, which must take place this summer, promises to be close at best, and could well emerge with Most Favoured Nation status tied to restrictions that the could be the c tions that China would find

politically onerous.

Finally, the US is taking a tough stand against China's entry into the World Trade Organisation. Washington believas Beijing has yet to open its economy far enough as well as to commit itself to the organisation's obligations. There is little or no flexibility

in the American hardline posi-tion, particularly in an election

Having just returned from China where I had a chance to talk quietly to a variety of influential people, including some senior leaders in government, it is clear to me that Beijing's position is equally entrenched. There is a wide-spread feeling that China has travelled an enormous distance when it comes to the transition from a closed to a market-oriented economy. The Chinese believe that America is asking

too much, too fast. They admit they have a long way to go to open their econ-omy further and to enforce their laws. But they deeply resent Washington's constant scolding and repeated threats of sanctions as a remedy for every problem.

The risk now is of a down-

ward spiral in which the US makes good on its threats and China attempts to retaliate. There is simply no historical precedent for one powarful The huge risks

make it imperative for both countries to strive to rise above their differences by negotiating a less confrontational relationship

nation treating another with aconomies would suffer, but constant threats while still more important, the entire retaining a viable relation-

There will always be

ship.

The fact is China is a bigger player on the global economic stage than is generally realised. In addition to being the world's second-largest recipi-ent of foreign direct investment, its imports and exports are each running at more than \$100bn per year and rising fast. Within a decade, China will be joining the US, Japan. Germany, France and UK as one of the world's six largest traders.

Given the importance of trade relations to both sides, a rupture on these issues could lead to a deterioration in the relationship between the two countries across the board. At risk would be co-operation to contain a dangerous North Korea and any chance of collaboration on nuclear non-

proliferation.

A new cold war could emerge in Asia, but this time the US would find Itself with-out the support of Europe and Japan. Neither would wish to pursne a bardline strategy towards China and both would attempt to curry commercial advantage with China in the wake of Washington-Beijing tensions.
Other Asian nations will

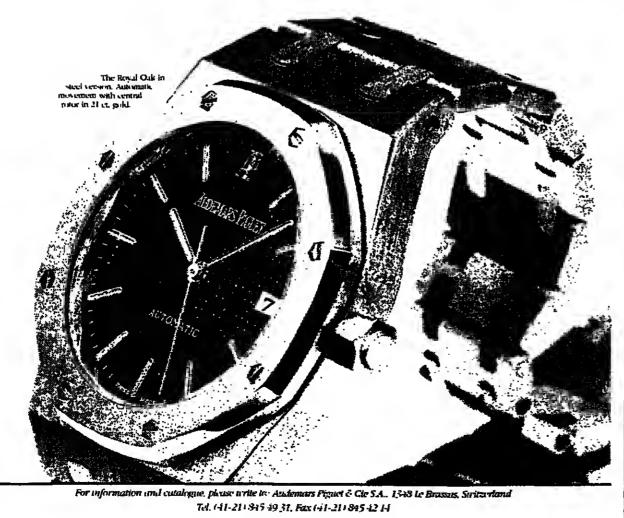
hedge their bets, taking sides and building up their armies, based on calculations as to which of the two they will need the most - or fear the most - in the 21st century. The political fallout over diverging approaches to China and growing anxieties in Asia would spell enormous trouble for international relations as the Both the US and Chinese

trading system should be at great risk. Exports are crucial to China, which rebes on try, US for 30 per cent of its over-seas sales. Were these to be disrupted, Baijing would attempt to flood other markets with the low cent waster transfer to the control of the with its low-cost manufactures almost certainly creating a gigantic wave of protectionism in retaliation, particularly in

Europe
China might attempt to use the enormous leverage of its market to conclude bllateral trade deals, further weakening the prospects for a multilateral trade liberalisation based around the World Trade Organisation. Commercial greed - stretching from France to South Korea - would ensure there would be many quiet tak-ers. And if the US were to be shut out of the world's biggest emerging market, the American public mood could turn sour on the evolving liberalisation of the global trading sys-

These huge risks make it imperative for the US and China to strive to rise above their differences by negotiating a new, comprehensive and less confrontational relationship. Given the mood and political constraints, that would require a truly Herculean effort. But both sides ought to understand the alternatives: a serious train ctash or reliance on muddling through, which is the approach that got the two countries into the mess they are in today.

The outhor, former under-secretary of commerce in the Clinton administration, is dean of the Yale School of Manage-



COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday May 15 1996

A flight path for Airbus

Better late than never is the immediate response to this week's decision by European ministers responsible for Airbus that the consortium should be turned into a single company. The idea has been around since the late 1980s. That it has finally won political endorsement testifies to the remorseless competitive pressures which Airbus now confronts.

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Transforming the consortium from a loose collaborative venture into a proper commercial entity is a prerequisite of more effective management, greater transparency and tighter cost controls. All are indispensable if Airhus is to attract the private capital it increasingly needs to fund its

development programme.

Realising these objectives, however, will pose a stiff test of political and industrial will. Airbus' ungainly structure is not a historical accident; it stems directly from the difficulty of reconciling nationalistic pride and vested producer interests with the commercial imperatives imposed by global competition. Unless these tensions are tackled, giving Airbus a new corporate form will change little,

Airbus' higgest structural flaw is the ambivalent role of its four industrial partners. As contractors, they have an in-huilt incentive to maximise their share of Airhus work and the profit they earn from it. That has heavily outweighed their interest, as shareholders in the consortium, in promoting efficiency by ensuring it that decision into action.

buys from the low-cost suppliers.

Any restructuring needs to
resolve these contradictions. One option would be 10 turn the Airbus partners into pure sharebold-ers, which competed for contracts against all-comers. Though eco-nomically sensible, that would probably prove politically unacceptable. The alternative would be for the four partners to pool their assets under the control of a unified Airhus management. That, too, would face daunting hurdles.

The first would be to agree a valuation of the assets to he transferred. That could prove a tortuous process. Airhus would then need the freedom to cut costs radically. British Aerospace has already tackled that problem, while Germany's Dasa has recently begun to do so. But Aerospatiale of France continues to drag its feet. A more independeni Airbus management would be unlikely to find it any easier to win French political acceptance

for the painful surgery required.
Yet the challenges cannot be ducked. European governments can neither afford - nor are allowed hy world trade rules - to continue to pick up the bill for Airbus. But private investors are unlikely to oblige while the venture remains opaque, and run largely for the benefit of its tradilional shareholders. It has taken ministers almost a decade to accept the need for reform. They do not have as long again to turn

False move in SA

Mr F.W. de Klerk's decision to pull out of South Africa's govern-ment of national unity may have been done with the best of intentions. Yet far from helping to ensure a healthy and stable multi-party democracy, it could set back South Africa's efforts to free itself from the racial politics of the past.

that Mr de Klerk has been frustrated by his role as a deputy president. He has felt unable to speak his mind on vital issues. He believes the government's eco-nomic policy is sound in principle, plementation has beer weak, including the slow pace of privatisation. He can now attack the influence on government of the Congress of South African Trade Unions (Cosatu) and the Communist Party.

His concerns are shared hy many in the business community. They were dismayed by President Mandela's equivocal response to the one-day stoppage called hy Cosatu earlier this month to mark its opposition to legislation that will give employers the right to lock out striking workers.

But Mr de Klerk should have put his own house in order first. Many of the National Party'a old guard are still in place. It has failed to attract new blood, and above all it has failed to win significant black support and establish a non-racial identity which

transcends its history. However hard Mr de Klerk may

that NP criticism of the ANC gov-ernment will be rooted in the past, and motivated by narrow white concerns. He is right to warn of the dangers posed by an all-powerful ANC. But the government needs a real opposition, and it is unlikely to be provided by the NP of the past.

It has been clear for some time its present leadership.

On the contrary, an opposition led by the NP is more likely to divert attention from the real questions at the heart of Sonth Africa's long-term political future: when and how to unbundle the ANC-leg coalition that reali the country.

The failure to provide decisive economic leadership has its origin in the strained relationship within that coalition, between what may be loosely termed the left and the right. Neither Cosatu nor the Communist Party on the left see eye to eye with the economic pragmatists in the ANC. The sooner this tensinn is resolved the better Mr de Klerk'a decision may

delay that development. The instinctive response from the ANC-Cosatu-CP coalition when it comes under attack from a party that is white-led, and predomi nately white-supported, will be to close ranks. Ironically, Mr de Klerk risks entrenching race in Sonth African politics at the expense of what he himself seeks to achieve: a multi-party system in which allegiances are deter

mined by policies, not colour.

Bank's warning

Perusal of the Bank of England's latest inflation report is unlikely to make the UK chancellor of the exchequer very happy. He seems to have no room to lower short-term rates of interest; the Treasury's output forecasts for this year look too optimistic; and the public finances are in a hole. The right choice is for him to soldier on responsibly. It might be the politically astute choice. To his credit, it is the one Mr Kenneth Clarke is most likely to take.

The Bank's latest projection for inflation is that it will rise to about 212 per cent two years hence, in line with the government's target. The danger, it helievea, is that "apparent short-term weakness in some sectors" will lead to a repeat of past policy mistakes - undue pessimism about demand matched hy undue optimism about the economy's ability to respond. Policymakers are walking along a tightrope. Even a small error could shift inflation well above target. How likely is this to happen? There is, at the least, little immediate likelihood of a rise in cost inflation. As the report notes, "the sharp rises in import and input prices a year ago...appear neither to have led to expectations of higher future inflation, nor to have become embedded in wage and price setting". There is also no sign of tightening in the labour market. This fact is coosistent with the Bank's view that the "natural" rate of unemployment is

helow the present rate. Since

hours worked, has hardly changed, this is not surprising. At the same time, the pick-up in demand might be strong, driven

hy a recovery in continental Europe, combined with faster growth of private investment and consumption in the UK. Behind such huoyant domestic demand could be the rapid growth of hroad money, which has been running at about 10 per cent a year. Yet this should not be too great an imme diate danger, provided the growth were not too fast. If there is slack in the economy, faster growth than the half a per cent a quarter of 1995 should be feasible. It must he desirable. The only concern should be with how much faster demand grows. Three per cent a year should surely be welcomed.

For the moment, neither the possibility of faster growth in demand nor monetary policy more broadly, is worrying. Fisca policy is the hig concern. According to the definitions in the Maas tricht treaty, the fiscal deficit In 1995 was 6 per cent of gross domestic product. It shows no strong tendency to decline, partly hecause of slower-than-expected growth, hut also because of lower-

than-expected fiscal revenue. Given the uncertainty about how fast the economy can grow. the UK could well have an unsustainable structural fiscal deficit. Mr Clarke is now locked in on both movetary and fiscal policy and is reduced to praying for strong non-inflationary pick-up in the economy. Yet if it does come, labour demand, measured by total it is now likely to be too late.



Exotic but not for faint hearts

Dealing in the currencies of emerging markets has seen rapid growth as banks look for new opportunities in foreign exchange, says **Philip Gawith**

few leading banks -including Citihank, HSBC Midland and Standard Chartered could claim to have an established presence in the trading of emerging market currencies. Now, barely a month passes without another hank announcing that it is increasing its trading or research capability in these so-called "exotics".

With mature currencles less vola-tile than in the past, banks are looking for new opportunities in forelgn exchange. And rising trade and investment flows to developing countries have boosted demand for hitherto obscure currencies.

"Exotics used to be seen as a Mickey Mouse business, with no liquidity and few customer inquirles," says Mr John Wareham, global head of foreign exchange marketing at Merrill Lynch in London. "Now it is essential to have them as part of a full service for-elgu exchange business. Things have matured very quickly in the last four to five years."

Asia and Latin America have long heen the emerging markets most active for currency trading, but the growth recently has con east European currencies, such as the Polish zloty and the Czech koruna, as well as the Sonth Afri-

can rand. "Eastern Europe is, without doubt, more prominent in discussions with our customers in Europe," says Mr David Simmonds. economist at Citibank in London. "But Asia still constitutes the largest sphere of attention for us on the trading side."

Mr Eddie Tan, country treasurer

at Citibank in Singapore, says: "The growth of regional currencies has been phenomenal - in the last two years, trading volumes have risen by about 40 to 50 per cent a year." The latest indication of growing interest is the announcement by Reuters, the news and financial information group, that both the rand and Malaysian dollar will soon

rency traders who feel the future of foreign exchange trading lies in Asia," says one chief trader in Sing-Very thin margins on mature currencles provide another incentive

Although customer demand is

driving the expansion of trading in

exotic currencies, banks are also

aware that the plan for a single

European currency is threatening

an important part of their husiness

- intra-Europe currency trading - and that they need to look else-

where for growth, "I regularly

receive CVs from European cur-

for trading exotics. In spot transactions, hid-offer spreads on less liq-uid Asian currencies can be as high as 50 "plps" (a pip is the minimum price change used by dealers in quoting the rate of a given floating currency) compared with three to five plps in the leading currencies. Spreads on exotic currencies tend

Daily foreign

(SUS bri)

60

1.75

Exotic currencies

Singapore Malaysta

Indonesia :

Hong Kong

Saudi Arabia.

South Korea

Underlying the increased trade in exotic currencies is the rapid are nervous. The rand, for example, growth of many developing econowas being quoted yesterday at R4.3525/3625 - a spread of 100 plps. In January, the typical spread was mies. Whether they want to huy a factory or invest in shares, investors in an emerging market usually need to buy that country's currency

his London dealing room staff is committed to exotic currencies, up He says this figure could rise to 30 per cent within three years. Similar stories are told at other large foreign exchange banks.

market currencies are notoriously sketchy, but market estimates indiover of \$1,230bn in the 26 leading markets surveyed by the Bank for International Settlements (BIS).

The figure is low for a number of reasons. Most obviously, the economies are smaller. Second, unsophisticated capital markets in many countries offer only limited invest-

Gross Market (SUS bn) (SUS bn) 125.2 167.6 1.1 27.1 126.6 536.3 178.3 1.20 368.7 W. C. S. 961, 7, 0

392.5

Poland 38.0 77. 77.002 (SA 175 A 1 L. 80.9 (14) (A 17 PC) (176-37 RDS be tradeable on Reuters Dealing 2000-2, an electronic foreign *FT estimates, spot and toward, onshare and offshare. "World Baris, end 1994
† Global Emerging Markets Squitter Review 29/2/96 (Except Singapore, Hong Kong, Malaysis which are sourced from Ada West. So exchange system that matches huy-

mature currencies when markets tors, so demand for the currencies

about 50 pips.

Mr Roh Loewy, head of foreign exchange at HSBC Markets in London, says that about 10 per cent of from only 1 per cent two years ago.

Although trading volumes are rising, the increases are from a low base. Volume figures for emerging cate that total daily turnover in the leading 20 exotic currencies is probably about \$40bn (£27bn). This is about 3 per cent of the daily turn-

Third, emerging currencies are traded in relatively small volumes because they lack the "multiplier effect" associated with established currencies: in mature markets, interhank traders lay off among themselves the large positions they inherit from customers to reduce the risk of holding too much of one currency, creating volume in the process. Whereas most trading volume in emerging markets reflects actual customer business in the form of trade or investment flows, BIS figures show that nearly 80 per cent of turnover in mature currencies is between banks.

Another factor that has dampened trade in exotic currencies is the attitude of central banks, Many developing countries do not aspire to full currency convertibility and do not allow free trade in their currencles. In Asia, central banks often want to prevent their currencies ris-ing so fast that exports become uncompetitive.

Exotic currency trading may be profitable, but it is not for the fainthearted. Traders can suffer heavy losses from sharp movements, and portiolio investors with exposure to the currency can quickly lose faith in the country when the currency

starts spiralling downward. Chastened investors in the South African rand are the latest to learn the lesson: political and economic uncertainties have caused the currency to fall from R3.65 against the dollar to about R4.37 since Fehru-

"It's not just a never-ending stream of opportunity. It's a never ending stream of risk too," says Ms Birgitte Jespersen, head of the emerging markets currency group at HSBC Midland.

Mature currencies react to policy decisions in other countries - a shift in German interest rates, for example, will affect the value of the dollar and most European currencies too. The value of exotic currencies tends to he driven more hy local events. This places a premium on having a presence on the ground in these markets, and a good research capability in the main currency trading centres. This is wby banks such as HSBC and Citibank, which have extensive branch net-

works, are prominent in the area. "Researching an emerging market currency is substantially more pivotal to trading them than it is to the dollar/D-Mark where depth of economic research doesn't necessarily inform trading on a day-to-day basis," says Mr Wareham of Mertill

Emerging markets can present many inhibitions to trading which do not exist in more mature econo-mies. These can include the inabil-ity to trade the local currency offshore, transactions having to he routed through a local bank, and limitations on the size and duration of transactions that can be done in the forward market.

Jespersen of HSBC Midland says: "In a mature currency, the customer comes to us for execution. But when he goes to an emerging market, it is very common for us to look at all eventualities. Execution of foreign exchange may only he 10 per cent of the deal. 'ine rest may involve res legal and tax issnes."

Emerging market currency trades can thus take on the character of structured trades, with traders taking up to a week to come up with a price, compared to trades in the "majors" where getting very large deals done quickly is taken for granted.

Many governments in developing countries still wish to control the value of their currency. But the desire for foreign capital obliges them to accept a degree of currency convertibility. As emerging economies grow, fuelling cross-border trade and investment flows, so their currencies will be traded more.

While the rouhle and the Indian rupee may still be minnows in the global currency markets, it is likely they will feature far more prominently in the lives of future generations of foreign exchange traders.

Additional reporting by Conner

BSERVER

Sunshine and barbecues

ers and sellers

■ The clock ticks remorselessly on - Britain's next general election feels imminent, even if it isn't. Those close to the nexus of power are beginning to ponder what fate has in store for them.

One such is Alex Allan, the 45-year-old principal private secretary to prime minister John Major in the Cabinet Office, Allan has decided he wants to be the next British high commissioner in Australia.

Major and Allan have a very good working relationship. To Major's considerable relief, Allan will certainly stick out his current job until the election. Says Downing Street: "He is certainly intending and expecting to be here Ah, hut after the vote? The word

is that Major has given Allan to understand that his heart's desire - a sunny clime and plenty of giant prawn barbecnes - will be his. The only blot on the horizon is that the Canberra joh may not be in the gift of Major after the election. Tony Blair, who has recently taken a keen personal interest in Australian politics, may well have other ideas. Certainly Blair has not sanctioned Allan's transfer, and is unlikely to do so before the election. Of course, if Blair romps home, he may well be in a generous mood.

Meanwhile, Roger Carrick, our current man in the Aussie High Commission, may not be too interested in returning to long summer evenings with little to do - one of his personal interests is "avoiding gardening."

Wim's whim

So Wim Duisenberg seems to have decided that the presidency of the European Monetary Institute is big enough for him after all. When the EMI was established, the Dutch central bank boss sniffily turned the post down - despite baving the support of both the French and the Germans, because he appeared to think he could be more influential at home. He is now likely to take over from Alexandre Lamfalussy, 67, at the prototype European central bank next summer.

It would certainly represent a welcome change of fortunes for the Dutch, who have had quite a knack of missing out on the really big international jobs in recent years. Ruud Lubbers, former prime minister of the Netherlands, both failed to secure the presidency of the European Commission to follow Jacques Delors, and was vetoed by the Americans for the secretary-generalship of Nato last time round. Onno Ruding, the former Dutch finance minister watched the IMF (in 1986) and then the EBRD (twice, in 1991 and 1993) elude his grasp.

Duisenberg has perhaps decided

Trichet, governor of the Bank of France, the other front runner, will be redoubling his efforts to trot out Germanic buzzwords like stability at every possible occasion.

reckoned to be sound,

Just visiting

that the power of the national

central banks has already waned

sufficiently - as monetary union

approaches - to accommodate his

move. More likely, he has his eye

on January I 1999, when he will be

64, and neatly positioned for an

indisputably powerful role as the first president of the European

Central Bank (assuming, that is,

the Emn timetable is met). There is

no disputing his country's Euro-credentials, and he himself is

monetary-policy-wise. Jean-Claude

Don't waste your time at school if you want to become a professor - just get yourself elected prime minister first.

That's what Paul Kesting, erstwhile premier of Australia, has done. Keating left school at the age of 15 and presumably has few letters after his name, but never mind, the University of New South Wales has wiped down a desk and bashed out a tin-plate office nameplate for him: visiting professor of Asian business.

According to the university Reating will be involved in teaching and "mentoring". One of his first dnties will be to deliver a lecture on June 12 on Australia's

involvement with Asia. That sounds like a doctoral thesis rather than a one-off lecture - but maybe he got top marks for précis.

Finally departed

Among the many distinctions of the late Nnamdi Azikiwe, or 'Zik', as Nigeria's first president was fondly known, was being able to read his own obituary six years before he died. In November 1989 Nigeria's state television carried a false report of his death, plunging the nation into mourning. While many fell for the hoax, Zik - a former journalist - took a sanguine view. "I am not in a harry to leave this world because it is the only planet I know." Now he'a finally gone.

Valiantly does it

■ Emboldened by the South African rand's rally off recent lows, Trevor Manuel, the newish finance minister, boasted yesterday to parliament that "this deemed crisis l assure you will soon pass". Foreign investors will no doubt be encouraged to hear that Manuel believes their losses (20 per cent in three months) are a figment of the imagination. This isn't the first gauntlet Mannel has thrown down. Soon after his appointment, he scoffed that speculators would "lose their shirts". Nice to see a brave man in charge.

Financial Times

100 years ago The Rhodesia Rising

Bulawayo, 12th May: A strong column left yesterday for the Shanghai in order to meet Mr. Cecil Rhodes, who should arrive here in about ten days' time. His presence is greatly needed. The petition to the London Board of directors of the Chartered Company with reference to the reported resignation of quantity of supplies has arrived. The Salisbury column has had a brush with the natives at Mavin. The enemy was driven back without any casualties on our side. - Dalziel.

50 years ago Motor Shares Firm Again

Motor shares were again firm yesterday on the expectation of increases in the prices of popular makes of cars following the increase announced by the Austin company. It is not yet known which companies will raise their prices, but the Motor Agents' Association vesterday held a long meeting to discuss the subject. Several bave intimated their desire to maintain existing levels as long as possible, hut it is realised that the increased wages and high cost of materials may force a neighbourhood of 61/2 per cent.

FINANCIAL TIMES

Wednesday May 15 1996

Welcome to the hearth of London. Radisson FDWARDIAN

Congress edges closer to Internet copyright deal

By Patti Waldmeir in Washington

The US House of Representatives was yesterday close to a compromise on policing the Internet for copyright violations, shifting much of the burden to copyright owners and away from telecoms companies and service providers.

The struggle over updating copyright law for the digital information age pits the large telephone companies and Internat service providers against copyright owners - producers of software, literature, films and music – who say their works are being stolen over the system.

Both sides agree that the prob-lem is buge. Every day, more than 500m messages are transmitted on the US portion of the Internet alone. Internet subscribers, using scanning and copying equipment, are able to put whole books or films on to the Internet, making these works available to about 60m computer users

A House subcommittee will today discuss a bill which is expected to increase protection

Wellink, executive director in

charge of its monetary depart-

ment, was nominated as Mr

Duisenberg's successor.

If all goes without hitch, Mr
Duisenberg will take over the

EMI when its recommendations

on which countries should join

Emn will have a huge political resonance. A respected figure, he has a track record to equip him

After working at the Interna-

tional Monetary Fund in Washington in the late 1960s, he was

an adviser to the Dutch central

bank and a professor of econom-

ics before becoming finance min-

ister in a Social Democratic gov-

ernment between 1973 and 1977.

and vice-chairman of the execu-

tive hoard of Rabohank, tha

Dutch commercial bank, ha

joined the central bank as an

executive director in 1981. As

president, he has fought infla-

tion and has made the Dutch

guilder one of the EU's strongesi

After three years as a member

Euro chief

Continued from Page 1

for this challenge.

offered to copyright owners, without imposing a heavy polic-ing hurden on service providers. The eventual legislation is likely to be an international model for content protection.

Negotiations were continuing yesterday to finalise the draft bill, which will go before the House judiciary subcommittee on intellectual property before pro-ceeding to the full judiciary com-mittee and on to the floor of the

Tha copyright issue is part of a larger debate on policing the Internet. Governments are debating the control of a huge flow of information, including pornography, which appears on the vast and largely anarchic system. Representatives of the telephone companies and online service providers - the so-called Ad Hoc Copyright Working Coalition complain that they cannot be held responsible for patrolling the entire glut of information

which they help to transmit. They say early drafts of the bill would have made them liable for all copyright infringement on their networks, even when they only acted as a conduit to such Negotiators were moving ves-

terday toward a compromise which would make telephone and Internet service companies bable only when they directly infringed copyright themselves, relieving them of liability for infringements by subscribers.

Thay would he required to remove or hlock access to copy-righted information m the Internet only if copyright owners asked them to do so. If they failed to act, they could then be liable for "contributory or vicarious"

Members of the Ad Hoc Coalition - which includes MCl, AT&T, Sprint, America Online, CompuServe, Prodigy Services and the regional Baby Bell companies - were optimistic a deal could be struck on compromise legislation. But they were unwill-ing to comment in detail until the final wording of the draft bill had been agreed.

Programme for Africa, Page 4

concerned and expand market

access for US videos, compact

China has warned of counter-

retaliation and "tremendous"

consequences for US business.

Retaliatory measures could hit

US car companies, which have

planned joint ventures in China.

and Boeing, which has already

lost aircraft sales to Chinese cus-

tomers to European competitors

during this year's mounting

House spokesman, yesterday acknowledged the possibility of a

trade war. "If we have to move

towards enforcing our law, which

we would prefer not to do

because we would prefer to

resolve these issues, there is a

prospect of retaliation," he said.

have to protect our interests."

We're aware of that, but we

The sanctions targets will

please American textile and

clothing companies which have

been hurt by cheap imported Chi-

nese goods. The tough stance

against China could also boost the popularity of President Bill

Clinton, running for re-election

later this year, in the textile-rich

southern states. According to

recent polls, he is trailing the

Republicans in these states.

Mr Mike McCurry, White

trade dispute.

and laser discs and softwear.

voters tune in to political aerobics

By John Thombill in Moscow

many and varied views.

Mr Lebed, whose deep voice is renowned for making soldiers tremble and women's knees wobble, was the first of the 11 candidates to take advantage of the free 10-minute broadcasting slots that state television and radio has made available before the elections on June 16.

eral, a law-and-order candidate who won his stripes by suppressing a regional conflict, began his radio address promptly at 7am. He promised to crack down on corruption, promote social justice and get the economy moving

again.

An hour later, as many voters started tucking into their kasha (porridge). Mr Gennady Zyuga-

"There should be no fears of prisons or gulags or other ille-galities re-emerging," he said. Appearances were also made by Mr Ymy Vlasov, a nationalist

with many voters expressing incomprehension at the often bizarre campaigu presentations which preceded parliamentary elections in December.

Many of Russia's media have

Russian

Startled Russian voters woke from their slumber yesterday to the resonant growls of Mr Alexander Lebed, the populist former military commander, as presi-dential candidates took to the airwaves to hroadcast their

running on the spot. It is time to take the first steps forward. Give me the strength of your support," be said, perhaps inadver-tently echoing the themes of the early morning aerobics shows popular on Russian television. The early-rising former gen-

and former weightlifting cham-pion, and the more ominous Mr Vladlmir Zhirinovsky, the inflammatory ultra-nationalist, who drew lots for their place on the dial. President Boris Yeltsin. fighting fiercely for re-election, is due to make his first radio

broadcast on Friday, In general, political advertis-ing remains crude in Russia,

The Communist party has used television clips of rippling wheat fields and space rocket launche with much success. But Russia's economic reformers have performed less well with their fare of hectoring lectures filmed in dimly lit studies.

Mr Yeltsin's campaign and the president dominates most TV news broadcasts, making a formal advertising campaign seem somewhat superfluous.

forthright independent TV channel, has noticeably softened its criticism since its head joined Mr Yeltsin's campaign team

"For five years we have been

nov, the Communist party leader, made his first radio appearance and attempted to allay voters' fears about his par-

ty's murderous past,

expressed open sympathy with

Even NTV, the previously

THE LEX COLUMN Chinese whispers

longkong Telecom

tional lull in July and August. Furthermore, some candidates, like France Telecom and Italy's Enel, need

more work: setting np regulatory

frameworks and getting efficiency

improvements under way are pre-con-

ditions for successful offerings.
Governments know that investors

can afford to be choosy. France's deci-

sion to sell only a small portion of

Renault is clearly influenced by

depressed sentiment on European car stocks. Furthermore, investors favour

markets where past privatisations have performed reasonably well, such

as Spain. French insurance company

AGF, on the other hand, is under the shadow of UAP's dire performance.

So despite strong markets, a boom

in activity may not come until next year. The snag is that by then market conditions may be less favourable.

There is a sense of urgency emana-ting from Allied Domecq's executive management, and with good reason.

Under the five-year tenure of Mr Tony

Hales, chief executive, the company

has failed to take tha hard line in

restructuring its core spirits business that market conditions demanded.

Over that period, its shares have

underperformed the market by 40 per

cent, earnings have gone sideways and

Allied has developed an uncanny

knack for nasty surprises. But with the arrival of Sir Christopher Hogg,

the new chairman, the management i

There are areas of Allied's busines

which need bittle done to them. Pub

retailing is performing at least as well as the competition, after stripping out

the rising beer prices it has to pay to

the group's half-owned brewer Carls-

berg-Tetley. And if regulatory burdles

faced with a choice of do or die.

Allied Domecq

The recant recovery in Hongkong Telecom's share price has been driven by expectations that Cahle and Wireless, its majority shareholder, will cut its stake. The failure of C&W's merger talks with British Telecom has para-doxically stoked the speculation. Maybe C&W will do a "Cathay Pacific" and sell a stake to mainland Chinese interests to protect it against unfa-vourable treatment once Beijing takes over next year. Or perhaps a consor-tium combining Chinese, Hong Kong and western companies will bid for the

whole group.

Well, maybe. Certainly, yesterday's comments by Mr Brian Smith, C&W's chairman, that he has no "immediate" plans to sell the stake suggests he might consider a sufficiently attrac-tive offer. Sadly, it is hard to see anybody offering more than the current HK\$170bn (\$22bn) market capitalisation - which works out at a punchy

six times sales.

Hongkong Telecom may be phenomenally profitable, but this flows eutirely from its monopoly on international calls. Despite the party line that the franchise is secure until 2006, it could go before then; only this week the length of Singapore Telecom's monopoly was cut by seven years. Quite apart from any formal change, the monopoly will be challenged by technologies like the Internet.

Although Hongkong Telecom is trying to build up alternative revenue sources, these will not be remotely as profitable as international services. In the circumstances, those banking on a high-priced bid are probably deluding themselves. Indeed, given Beijing's ability to influence the company's fate, it is more likely to buy at a discount - if at all.

European privatisation Is it time for another rush of Euro-

pean privatisations? New governments in Spain and Italy want to accelerate privatisation programmes, and the French administration is also keen to push ahead. The timing should be ideal: European markets bave performed well this year, and US investors, sensing their own market may be peaking, are shifting funds overseas Furthermore, there is a backlog of deals which are more or less ready to come to market, such as Italy's Eni.

But there are some brakes on activity. The market is still holding its breath for the German government's \$10bn Deutsche Telekom offering, now not expected until early November. Ahead of that, there are only two fairly short windows of opportunity, immediately before and after the tradi-

can be overcome, the brewery should soon be sold. The spirits division is the greatest problem, but at least the man-agement is finally admitting this. Allied underspent on marketing in the US to prop up profits, and is now Share price relative to the Heng Seng Index feeling the pain. Too much money has been wasted supporting weaker brands, which should be sold. And the group has been left with a brand portfolio with few market leaders, leaving it at the whim of competitors' pricing

Allied's premium price-earnings rating against its peers might seem to conflict with its position as the weakling of the world's big four spirits group. But this is justified by the greater scope for cost-cutting. If the existing management does not deliver this, it is only a matter of time before The ne

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Transmitted to the state of the

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12. 2

Radio tails

The idea of using fixed radio links to bypass the local bottlenecks run by the world's telecoms monopolies is, more than half a decade old. But it has taken until now for Ionica, the UK company which has pioneered the technology, to launch a service. By delaying so long, the market opportunity – at least in Britain – is not as attractive as it once looked. The theoretical economics of "radio tails" still look appealing. To hook up its customers, Ionica does not need to dig up roads and lay cables; all it has

to do is put up base stations at strate gic locations and fix aerials to customers' roofs. The upfront investment is less than laying cables; it is also lower than cellular communications, which requires more sophisticated electronics to track people on the move. As a result, Ionica calculates the pay-back period from signing up a customer to recovering its investment will be three years - much less than for most tele

That said, Ionica's technology risks falling between two stools. Not only is it unable to support mobility, its radio tails are not yet fat enough to carry entertainment or fast Internet services. While that may not have mattered a few years ago, the inability to offer customers a full range of services is likely to be a handicap in an age when multimedia is all the rage. Ionica may still carve out a niche in the UK; and a cheap and cheerful technology could take off in developing countries. But this version of radio tails, at least, does not seem a big threat to the mainstream telecoms groups of the developed world.

Lex comment on UK utilities, Page 20

Without us, it wouldn't be the new world heavyweight champion.

The C-130], the new generation of the legendary Hercules, will soon start powering 21 ton loads skywards following us successful maiden flight. Commenting on Dowty's all-composite swept-blade propeller system and the Rolls-Royce Allison AE 2100D3 engines, Lockheed Martin's test pilot reported: "This new integrated system is a dream come true. The amazing thing is that the blade angles on all the engines all respond to the four power levers as if they were ned together. Even more impressive is that the propellers provide approximately 10% more thrust at the same horsepower." This knock-out performance should ensure orders worth \$500 million to Dowty.

Dowty is one of Ti Group's three specialised engineering businesses, the others being Bundy and John Crane. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.



ion about the TI Group, contact the Department of Public Affairs, TI Group plc. Limbourn Court, Abingdon, Oxon CN1+1UH, England.

goods worth \$3bn as trade war looms being exported than ever. Admin-By Nancy Dunne in Washington istration officials have consis-tently said they will accept no and Tony Walker in Bening The US today will release a list of more promises of action, as they 3bn worth of Chinese goods did in a last-minute agreement which are potential targets for year. They are demanding that China close the factories

US targets Chinese

import sanctions, moving closer to a trade war over alleged abuses of intellectual property rights in China. The White House and the Chi-

nese foreign ministry yesterday both said little progress was made in last-minute Sino-US talks aimed at averting a conflict. The US sanctions are expected to strike hardest at China's state-

run companies which produce textiles and at companies in southern China allegedly producing pirated versions of computer software and compact discs. The list, also to include electronics and, probably, toys, will be pared down to about \$2bu

worth of products after consulta-tions with US companies over essential imports for US industry. Products on the list would be snbjected to high tariffs or reduced quotas which would take effect in 30 days following comments from US companies on the

proposed action.

The Chinese government bas touted its raids on companies producing pirated goods as demonstrating its determination to protect US copyrights, trademarks and patents. Beijing has announced large selzures of pirated goods including 20m CDs, 800,000 videotapes, 40,000 sets of software and 480,000 books. However, US companies maintain that more pirated goods are

currencies by keeping it tightly in line with the D-Mark. **Portugal**

place share orders in advance

Brokers are hoping the price will be fixed at a discount of 5-7 per cent to the current market price to attract investors to a company that analysts consider PT's consolidated net profit

shares they order.

climbed 44 per cent in 1995 to Es36.2bn. Some analysts forecast an increase to Es53bn this year.

Continued from Page 1

through a pre-registry system that offers participants stronger assurances of receiving all the

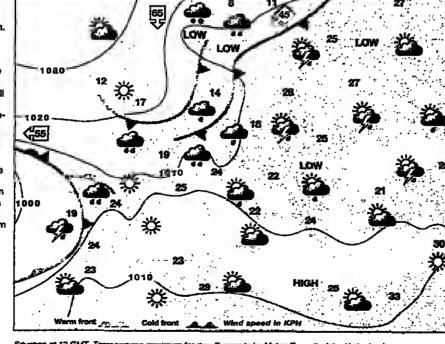
to have strong profit potential.

Europe today The British Isles will be sunny with occasions cloud. The Baltic region will be cloudy with rain. Brighter skies will scread from the north-west into the Benelux. A broad zone of cloud and drizzle will linger over western Germany, Belgium and northern France. Southern France and eastern Spain will be sunny. Portugal and western Spain will have cloud and rain, Italy will

be sunny, but the central and north-ea

sections may have showers. Eastern and southeastern Europe will be warm.

Five-day forecast The British Isles will gradually become cooler with rain arriving from the south. Rain will move south from Scandinavia to the Baltic Sea area becoming heavier during the weekend. We Europe will have rainy periods while the Iberian peninsula will remain unsettled with numerous thunder showers. Eastern Europe will stay warm with occasional thunder showers



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No other airline flies to more cities in Eastern Europe. Lufthansa

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Reykjavik
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THE NEW SEV

The new highway, on the UK's longest bridge, over the Severn estuary will help to boost the economic fortunes of south Wales and the west of England, writes Roland Adburgham

Wales and England narrow the gap

he new hridge connecting the west of England and south Wales, to be given a royal opening on June 5, is destined to become one of the UK's finest man-made land-

Some structures augment the landscape and the spectacular \$330m bridge over the Severn estuary demonstrates the point. Visitors already flock to admire its cable-stayed main span and the approach viaducts which curve like stepping stones across the Severn estuary. The overall length of three miles (5km) makes it the longest hridge in the UK.

Bridges are symbols as well as structures and, by being a national focus of attention, the new crossing should raise the profile of the surrounding regions. It is the most important piece of infrastructure to be created there since the first Severn bridge was opened 30 mars account.

years ago.

The first crossing belped to attract a chain of industries along the M4 motorway in south Wales, enabling the economy to move from its historical reliance on coal and heavy industry. Today, the M4 stretches from London to beyond Swansea. The regional capital of Bristol in the west of England and the Welsh capital of Cardiff are less than an hour

apart.
The first bridge, though, was not designed for the remorseless rise in traffic to more than 19m vehicles a year. The contract to build the second crossing, three miles downstream, was won by the consortium Severn River Crossing – Laing and GTM Entrepose, the contractors; BZW, the Barclays' investment bank; and Bank of

VITAL STATISTICS

Overall length 5,168 metres

Main bridge 948 metres

Main span 456 metres

Height of pylona 137 metres

Navigation clearance

37 metres

Number of caissons 37

Number of caissons 37
Volume of concrete

450,000 cu. metres
Weight of reinforcing steel
50,000 tonnes

CONTENTS

Page 12 of this survey describes the building of the bridge. Articles on other pages discuss the regional and urban impact, and effects on tourism, transportation, property, retailing, and the environment, and the performance of the first

Production editor:
Maurice Samuelson
Page design: Frances Trowsdaie
Grephics: Robert Hutchlson

America. Construction began four years ago and it has been built to time and budget. SRC's concession runs for up to 30 years to finance, operate and maintain both bridges out of toll revenues – currently £3.80 for a car to enter Wales (it is toll-free eastwards.)

About 70 per cent of estuary traffic is expected to be carried by the new bridge, to which the M4 is rerouted (the motorway over the first suspension

bridge is renamed the M48.)
Distances will be slightly
shorter and the great increase
in traffic capacity should cut

near and the maintenance of the following state of the st

in traffic capacity should cut queues. The secood crossing has three lanes each way and 13 toll booths, compared with the existing two lanes and eight booths. In addition, a windshield will

In addition, a windshield will prevent the traffic restrictions during gales which bedevil the first hridge. The reduced risk of delays will, it is hoped, provide less incentive for trucks to avoid tolls hy diverting to unsuitable roads through Gloucestershire.

The approach roads on the English side, for which the Highways Agency is responsible, are only two lanes in each direction and, in due course, this may be seen as short-sighted planning. Their construction is on a tight time-table to meet the June 5 opening. The new M49, which links with the M5 south of the bridge, will not be ready. It is contracted to be finished by

For Wales, the valoe of faster east-west communications is shown by a recent study by Cardiff Business School of the upgraded A55 across north Wales. The study concluded that the road had created jobs, reduced transport costs, attracted firms and speeded access to suppliers and custom-

ers.

"The economic and social effects of the A55 improvements are much wider than just on manufacturers and distributors," It said, quoting tourism as an example.

tourism as an example.

"North Wales," the study added, "now faces the positive challenge of becoming a fully integrated part of the UK econ-



Looking across the Severn Estuary from one of the new bridge's 137-metre high pylon

omy and, hy extension, a full part of the European economy of the 21st century."

For south Wales, the second crossing enables that process, initiated by the first bridge, to be accelerated. A report in 1992 by the consultancy Pieda for the Welsh Development Agency predicted: "Possibly the greatest impact of the new crossing will be in the boost it could give to investment opportunities in south Wales." Almost as important as journey time savings would be that "it will change people's perceptions of crossing the

hat factor - the impression, more than the actuality, that it will be quicker to reach south Wales - should counter the disincentive of tolls and encourage investment all along the M4 corridor. Welsh valley towns,

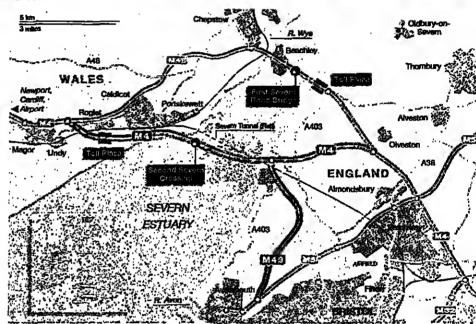
too, are hoping it will become easier to lure businesses north

of the motorway.

While south Wales stands to gain most, the west of England is also confident of advantages. A survey of chief executives by Burges Salmon, a commercial law firm, for Bristol Chamber of Commerce & Initiative found 82 per cent considered the bridge to be beneficial for businesses, with more than a quarter expecting to increase their own trade with Wales.

The expanded motorway network provides access to large development sites adjacent to the M49 link road and near to the thriving Bristol port. Hard by is Cribbs Causeway, a regional shopping and leisure centre now under construction. Industrial, distribution and business parks along the M4

Continued on next page





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FIFTY BUSINESS PEOPLE INVOLVED IN ECONOMIC DEVELOPMENT IN SOUTH WALES AND THE WEST OF ENGLAND ASSESS THE SIGNIFICANCE OF THE NEW ANGLO-WELSH LINK

Good for both countries, but especially Wales

A wide-ranging survey on both sides of the estuary is analysed by Roland Adburgham

A questionnaire about the impact of the second Severn crossing on south Wales and the west of England shows the bridge to be considered as very important for both regions.

The Financial Times' questionnaire solicited the views of 50 leading business people and those involved in economic development on both sides of the Severn estuary. There was consensus that both regions would gain from the bridge, although most thought the greater advantage would accrue to south Wales.

The first question was: What do you consider to be the main direct benefit of the

Respondents in Wales stressed the improved access. with reduced travel times and shorter queues at the toll plazas. They placed even more value og the psychological effect - that It would reduce the perception in London and south-east England thet south Wales is hard to reach.

Mr John Smith, of Gwent image Partnership, which promotes south-east Wales as a business location, said the bridge would "Instantly remove the common misconception among UK investors that Gwent and south Wales are over 100 miles further away from London than they

Mr John Churchill, director of Swansea Centre for Trade & Industry, described the delays on the first bridge as "invariably worse in perception than reality, yet of equal importance in the minds of business people. First impressions count. and if the first view of Wales. obtained by potential investors, is from a traffic jam on the old bridge, the damage is trreparable.

Respondents in England agreed the immediate benefit would be faster and more reliable transport links. Most shared the view of Mr Pat Lee. a director of the transport company Wincanton Logistics, that "South Wales is the clear win-

ner" in terms of improved access to customers. But be added: "The bridge will provide a golden opportunity for many skilled and hi-tech subcontractors in the west of England who will now have access to a wider range of customers.

Mr Edward Lambah-Stoate regional managing partner in Bristol of Grimley, property advisers, said the bridge would "break up the perceived barrier of the Severn estuary and complete the "wealth-generating corridor" of Bridgend to Swindon". And Mr Martin Willey. chief executive of the Western Development Partnership, the economic regeneration agency for the Bristol region, stressed to act as a catalyst for Severnside development sites.

■ Bow important is the cew bridge to the economic devel-opment of south Wales and/or e west of England?

Exceedingly important for the economic development of south Wales," said Mr Meirion Lewis, director of the Institute of Directors in Wales. "Vital." said Mr John Mitchell, chief executive of Principality, the Welsh-based building society. Mr Gareth George, Wales direc-tor of Barclays Bank, agreed -"particularly for the on-going economic development of Cardiff Bay and Newport Docks

On the English side, the bridge is regarded as being of less eignificance, but it is expected to raise the region's profile. Mr Peter Connor, chief executive of the West of England Development Agency. tid: "It consolidates the pivotal strategic location of the west of England at the business heart and crossroads of southern Britain.

■ Do you believe businesse on both sides could gain equally, or one side more than the other, or one at the expense of the other?

Mr Stephen Wilson, senior manager of international services of Bank of Weles, summed up the uncertainty: "It could increase the attraction of south Wales for inward investors by bringing it closer to the hub of industry in the UK. "On the other hand, it could detract from south Wales and strengthed Bristol's position as a regional centre by



Barry Harton: It Improves access from Wales to SE England and mainland Europe as well as allowing just-in-time delivery processes to operate along the M4 corridor

making it easier for people within south Wales to travel to Bristol. Equally, the reverse could be true - as Cardiff gains in importance as a capital city. the attraction to businesses and business people ecross the

channel will increase. Mr Stephen Hill, of Cardiff Business School, said: "Wales will benefit more by being allowed better access to e larger market. Improved connections to Ireland will lessen its peripheral status." Mr George expected Welsh industry to gain more than its English counterparts - "bowever, there will clearly be individual winners on both sides"

Mr Chris Graham, Cardiff director of 3i, the venture capital group, considered both would gain. "The two regions will become economically closer. Financial services already operate 'across the bridge'."

Mr Mitchell believed that, while both sides could gain equally, "Sonth Weles will make better use of the opportunity". A similar view is held by Mr Phil Nunnerley, Wales and West regional director of Lloyds Bank. "Potentially both sides should gain, but I suspect south Wales may take earlier edvantage."

Mr Michael Rees, director in Cardiff of Chesterton, the property consultants, is certain of that. "Wales will undonbtedly win the day...Local authoritie government agencies and bustnesses seem to work much hetter together in Wales than in



Peter Mollwraith: If I have one hope for the new crossing, it is that it can bring those major business centres (Bristol and Cardiffi close

England. There would seem a much more get-up-and-go approach to economic developent in Wales."

Dr Elizabeth Haywood, direc-

tor of the Confederation of British Industry in Wales, and her south-west counterpart, Sua Royd agreed there was the potential for both sides to benefit. But Ms Boyd added: "The concern for the south-west must be the noteworthy track record of the Weish Development Agency which, I am sure, will not be backward in using the new bridge to attract com panies to the principality." A recent CBI report had shown the need for economic development egencies in the south-west to co-ordinate their activities.

Mr Mike Freoch, of Somerset Economic Partnership, emphasised the worry in the west: "Given the current central government and European grant regime, the Welsh side will continge to benefit et the expense of the west of England." Mr Willey protests at "the unfairness of continued levels of public investment in south Wales out of all proportion to such investment in the west of England. If the playing field were level, both sides would benefit equally." Do you consider the level of

tolls to be a serious disadvantage? Those representing the haul-

age industry were categoric. Mr Frank Cook, western director of the Freight Transport Association, stated: "The tolls,



eth Haywood: The first bridge simply could not cope with increased traffic flows which would severety limit economic development

their overall level, their regime and their image are bad news ecross the board." Mr Micbael Farmer, Midlands and western director of the Road Haulage Association, described as excessive the toll increases to

£11.50 for trucks. In Wales, most also condemned the toils - especially the "negetive impression" caused by the charge being levied on entry to the country. Mrs Molly Owen, chief executive of Wales Chamber of Commerce & Industry, stated: "The tolls are an unfair additional tax burden on Welsh business." Dr Haywood said: "They are a major burden for low value, high-volume prodocts."

Some are more sanguine, Mr Mitchell called the tolls "a disadvantage, but not serious, while Mr Graham remarked: "More whinges than reality!" And Mr Chris Thorne, managing partner in the south-west and south Wales of Henry Butcher, property and plant consultants, said: "We beve got found them to be a major factor in determining most husiness's strategic location

In England, the toils are less



confidence of inward investors in the region's enormous potential growth, silled to better unit costs.

of a bone of coctention. But Mr Warwick Jones, associate dean of Bristol Business School. commented: "Tolls should out be used in an ad hoc way they are creating a regional additional cost." ■ How much of an asset will

be the bridge in marketing the regions to inward investors? In Wales, there is great eothusiasm. Mr Barry Hartop.

chief executive of the WDA. described it as "invaluable because of the impact it will beve on the perception of easy access to the Welsh and UK markets", Mr Michael Boyce. chief executive of Cardiff Bay Development corporation, said: "It will further reinforce the region's physical accessibility to major markets." Mr Alun Davies, director of

Grosvenor Waterside, the property arm of Associated British Ports, hailed it as "an enormous symbol of progress and good communications". Mr Alun Bowen, senior partner in Cardiff of KPMG, the accountancy firm, said; "The new bridge will provide an icon which will be of great value in marketing."

The English side shares



Michael Rees: The new crossing and the upgrading of the road network provide a catalyst which will take eway the last psychological barrier of the river Severn

much of that confidence. Mr Connor stated: "It will support the immediate international recognition of the region." Mr Willey of the WDP said: "As e major engineering project of international status, the new crossing helps draw ettention to the area." Mr Ken Johnson, project director of English Partnerships in Bristol, called it "extremely important - og e site-specific basis for the west of England and on a wider regional basis for south

Wales. Mr Lambah-Stoate considered that "the bridge as e link should bring the regions closer together and thereby provide a powerful marketing tool for the combined area". Mr Bob McKinley, president of Bristol Chamber of Commerce & Industry, agreed: "There will be a visible demonstration of the quality of communications between the two regions." And Mr St John Hartnell, senior partner of Hartnell Taylor Cook, Bristol-based property surveyors, saw the bridge as giving "industry, in particular, the confidence to expand on either side of the bridge".

Bristol Channal was put by Mr. Peter McIlwraith, partner in charge of Price Waterhouse's offices in Bristol and Cardiff He said: "For those marketing south Wales to inward inves tors, the new crossing has the potential to be positioned as an enormously important new asset...The new bridge can also strengthen the hand of those marketing Severnside and the West of England. It underlines the importance of Bristol as the western hub." he western hub." And Mr Mike Jones, manag

ing director of Brymon, the British Airwaye subsidiary, said: "The new bridge has to add to the international appeal of both regions."

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■ In terms of infrastructure, what do you regard as the ext priority? in Wales, Mr Harton was

among those calling for the proposed M4 motorway relief road south of Newport. Like others, he emphasized the need for the planned Eurorail freight terminal near Gardiff. But in both regions improved air links are seen as the main priority. Mr Hartop called for "e good, commercial regional airport with e high level of scheduled air passon ger traffic and freight and good-road/rail links to it." This was echoed in the west of Ringland

tion of BAe's plan for an airport at Filton, north Bristol, is widely criticised. BAe is challenging the decision but, in the meantime, there are calls for the existing Bristol airport at Luisgate to be improved. Mr Grant Watson, senior partner of Alder. King, Bristol-based property coosultants, would like a motorway link to regenerate south Bristol and improve

where the government's rejec-

access to the airport... Mr Willey agrees. Bot he cautions: "Whether the international business needs of the region can be satisfied et Luisgate bas yet to be shown."

in that world, Bristol is

recognised by its most famous

pension bridge. Another bridge

now adds to the renown of the:

region, and to sonth Wales,

landmark: Brunel's Clifton sus --

Fast highway across the estuary

Contd. from previous page

eastwards towards Swindog. and up and down the M5 motorway, should also becefit.

One immediate initiative is the M5 Somerset Consortium, backed by Somerset Ecocomic Partnership and local councils. to stimulate development in the M5 corridor, "It is no accident that the launch coincides with the opening of the second crossing," says Mr Michael French, the consortium's chairman. "Our outstanding motor way links make us well placed to serve act only the eatire south-west region but also south and mid Wales."

Somerset Ecocomic Partnership is one of the ageocies which bave sprung up in the west of England, as the region belatedly becomes more active in seeking investment. Although it cannot offer the incentive of the European and UK grants available in much of south Wales, the region has also lacked the finely-booed "Team Wales" approach, with the Welsh Office, WDA, councils and other bodies co-operating to win investment.

In addition to Somerset, the west's four other counties -Dorset, Gloucestershire, Wiltsbire and the recently disbanded Avon - have all formed economic partnerships. Closest to the oew bridge is the Western Development Partnership. e public and private sector agency based in Bristol and which aims to make the area one of the most prosperous and technically advanced in

The plethora of partnerships indicates the tortuous process by which the west is beginning to assert e regional identity to gain more recognition within Europe and beyond. One reward for its more united approach was that, last year, the Department of Trade and Industry agreed to provide funding towards a West of England Development Agency to seek foreign investment.

Mr Peter Connor, the agency's chief executive, sees the west as a "sleeping tiger" in terms of international investment, in contrast to its succe in attracting UK relocation. Given the limited resources of WEDA, its strategy is to take a sectoral rather than scattergur approach. Mr Connor says: Those regions which are most successful today connect into a global network of similar loca-He is convinced the west can

become recognised as a "driver region" in European terms. "It is a fabulous region we already have here - It is how you mar-ket it that is important." In marketing the two sides of the Severn estuary, some business people bope the bridge may eccourage the two regions, despite their loog

economic entity. Closer ties may form in time,

rivalry, to become

although the Pieda study calculated that carrow wage differentials would oot usually compensate for transport costs and so there would be little growth in cross-estuary commuting. This would got be sufficient to increase integration of the labour markets.

instead, the two regions could be seen as having complementary strengths. Cardiff and Bristol, with newly-created unitary councils holding greater powers, are determined

orously on the national and European stage. Cardiff, for example, is winning attention through its Car-

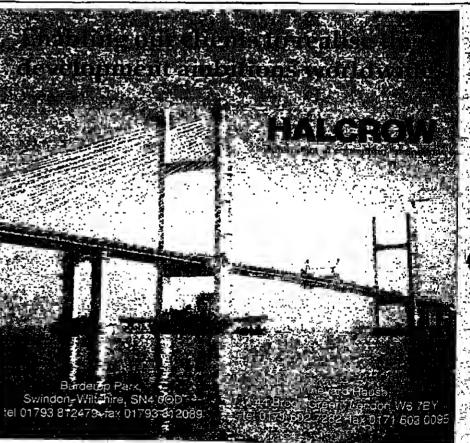
to project themselves more vig-

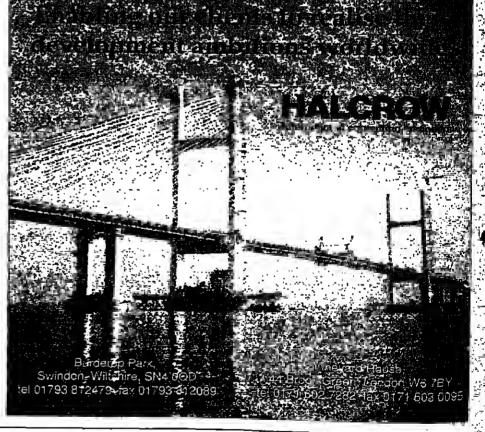
diff Bay regeneration, and in 1999 will host the rugby world Bristoi has its Harbourside waterfront scheme to restore vitality to the city centre. Next

wider world.

One cannot assume, though, that it will heve an evocative name. week, Bristol bosts a four-day

The first crossing is simply called the Severn bridge - Pont-Hafren in Welsh - and SRC international sea festival says its twin will be known by which will display the city to a its prosaic description: the Severn Crossing.







ALL BEARINGS - SHOCK ABSORBERS - MOVEMENT JOINTS FOR THE SECOND SEVERN CROSSING

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EUROPEAN INTEGRATION

The European Investment Bank, the European Union's financing institution, supports the Second Severn Crassing as it brings businesses in Wales and England claser together and gives distant regions better access to markets. The crassing is a key element in a transport corridar that stretches from Ireland through Britain into the Benelux cauntries and beyond. The EIB has participated in the bridge's financing with a £150 million loan facility.

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regions and countries, efficient trans-European communicatians networks, environmental protection, competitive industry and secure energy supplies.

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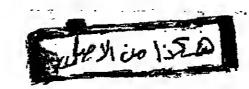
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one of the largest multilateral financing institutions.



TRANSPORT OVERVIEW: by Charles Batchelor

draws closer to Europe

Changes in rail, air and road travel are helping to ease the geographical isolation of Wales

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The widespread view that south Wales is a difficult place to reach will be weakened by the new Severn Bridge, which is designed to carry traffic in all weathers. That, at least, is the hope of local authorities and other organisations involved in the economic regeneration of the region.

But while an improvement in road links with the rest of the UK is important, it is only one facet of the transport infrastructure of south Wales and the south west of England. Rail, air and sea connections also have a significant role to play in the success of the local

Passenger rail links with London and the rest of the UK are undergoing change as part of the privatisation of British R2. Great Western services hetween Fishguard, Penzance and London were among the first to be franchised to the private sector. A combination of Great Western's management and the FirstBus hus group

been guaranteed and the com-pany is looking at the possibil-ity of splitting some of its high speed trains, which currently have eight coaches, into four-coach groupings, to increase frequencies. Train interiors are to be ungraded and Great to he upgraded and Great Western is also considering introducing tilting trains. This would allow it to reduce journey times without the need for

ening the track. Coaches have been allocated in both first and standard class on trains to allow husiness people to work quietly without the disturbance of mobile phones and personal stereos. Special facilities for families have been promised in the next few

costly investments in straight-

Two more franchises, for the South Wales & West company and the Cardiff Railway company, were offered in March and initial bids must be made hy June. These two companies are very different: SWW operates over more than 1,500 miles between Cardiff, Manchester. Penzance and Brightoo while Cardiff has just 86 route miles in the Cardiff valleys to destinations such as Rhymney and Merthyr Tydfil.

The long-term impact of rail privatisation is still unclear.

and a decline in quality. The managers who are taking over the new lines say that hy concentrating on their own local market place they will be able to provide a better service for

Rail freight links between

the region and the rest of the UK are the subject of some controversy. Shipments of heavy cargoes such as ateel and coal are well established but "intermodal" shipments -involving transferring containers between trucks and trains are poorly served. A decision on a new intermodal rail terminal to connect with Channel tunnel services has been long delayed although the government came down in favour of a site at Wentloog near Cardiff

in April. Improving international rall links and tha spread of high-speed rail services are beginning to provide tough competition for the alrlines over short-haul routes. But air links remain an important symbol of a region's credibility for many local husinesses and

prospective inward investors. Cardiff Airport was acquired from the three county councils which were its original owners hy TBI, a property investment group, in March 1995. TBI, which had no previous experisince announced plans to spend £20m over the next four years on improvements.

Eighty per cent of the airport's passenger traffic is accounted for hy charter flights while scheduled carriers are principally British Airways Express, Manx Airlines, and KLM, the Dutch airline. The

Further improvements will be needed to make the network fully fit for the 21st century

main destinations served include Belfast, Dublin, Giasgow, Brussels, Paris, Amsterand Jersey. Ryan Air added a Dublin service this

month. TBI wants to expand international and domestic scheduled services as well as the tour husiness. It is also pressing for an improvement in road links between the airport and Car-

Across the River Severn Bristol Airport has faced a

period of uncertainty while a decision was taken over a proposal to develop British Aerospace's airfield at Filton, north of Bristol, ioto a commercial

airport.
Last March, the government backed the recommendation of a planning inspector, who beaded a public inquiry, to refuse permission. BAe is appealing against the decision. The husiness community had supported the BAe proposal on a well-located regional airport but local residents had opposed

Filton is close to the M4 and M5 motorways and the main rail line to London and South Wales. The existing Bristol Airport, south of the city at Lulsgate, suffers from poor acress and diversions caused by bad

weather. The decision on Fliton means that Bristol Airport, which is owned by the city council, can go ahead with plans to spend £17m on doubling capacity of its terminal to 2m passengers a year. The airport haodied 1.5m passengers in the year ended March

Airports and rail terminals may be poised for further growth hut the aea ports of south Wales have been hit hy declining coal shipments and

the shift in UK trade from its Atlantic to its European ports

With the exception of Milford Haven, which is dependent almost entirely on oil shipments, the main ports of south Wales are owned by Associated British Ports. ABP, which operates a total of 22 ports around the UK, owns Newport, Cardiff, Barry, Port Talbot and Swan-

These ports handle a variety of products and produce including animal feeds, steel slah, tropical fruits and timber. Newport is developing its animal feeds business to compensate for the loss to Tilhury of timber shipments from Canada while recent investment hy British Steel in its Llanwern steel mill has boosted cargoes of steel slah. Swansea, meanwhile, has made a speciality of

containerised coal shipments. But some observers feel that the changing patterns of trade and the decline of coal mining and heavy manufacturing have left south Wales with too many ports. The region might be served hy just two, Lloyd's List, the shipping newspaper. suggested in a recent review.

The present redevelopment of Cardiff Bay could be extended to other areas of docks, allowing for cargo-handling to ha moved away, it said. Barry docks are also in the centre of the town and could provide land suitable for other property developments.

The completion of the second Severn crossing marks an important step forward for the economy of south Wales and the south-west. But further improvements will be needed if the region is to have a transport network fully fit for the 21st century.

■ HOW IT WAS FINANCED: by Andrew Adonis

For whom the toll pays

Motorists, rather than taxpayers, are providing the cash for the privately financed project

The Second Severn Crossing is a flagship project for the Private Finance Initiative (PFI), the government's policy for boosting the role of the private sector in state-sponsored

The core principle of the PFI is simple: that the private sector should take responsibility for financing and managing infrastructure to a specification agreed with the public secvate funding and management, but a significant transfer of risk from the state to the pri-

vate operator. In other words, PFI is an extreme form of contracting. It is almost pointless to attempt to define it further given the wide variation between different types of PFI project. In the case of prisons, bospitals and roads, for instance, most of a contractor's revenue comes from the government or its agencles (like health service trusts) through complicated arrangements of chargea related to volume and perfor-

The Severn Crossing, by con-

trast, has a large private revenue stream and involves no payments by the public sector. All the revenue comes directly from motorists via tolls. The government's role is threefold: it awarded the initial contract; it has enforcement powers in case of default; and it regulates the income of the winning LangeGTM consortium through a cap on toll levels related to the retail price index and a further cap on the total revenue tha consortium can make over the 30 year conces-

The Treesury highlights the transfer of risk from the public to private sector as critical to tha PFI. A anhtla shift has taken place from an early emphasis on shifting "maxi-mum" risk to transferring "optimal" risk.

Mr Jim Armstrong, Laing's finance director, believes the risk transfer was "based on the right principles - seeking to transfer to us risks which we can manage". Laing-GTM took on traffic volume risk, but the vernment bore risk of ensuring that connecting roads were provided on time, and agreed that the consortium's revenue entitlement would be amended if future legislation or taxation affected it adversely.
However, neither Laing nor

its financial advisers extol the Second Severn Crossing as a model PFI project. Mr Arm-strong complains that the contract is "far too inflexible". with its tight revenue caps. He says: "I would far rather the the government was acting as an equity partner and making joint decisions with the private sector on pricing policy when fundamental changes to base case assumptions occur."

in affect, Mr Armstrong wants to see a radical recasting of the public-private relationship inherent in the PFI concept. Under the current regime, as reflected in the Severn Crossing, the public sector takes no part in the financing

instead contracts for the provision of a service and acts as an arm's length external regulator. By contrast, Mr Armstrong wants to see the government act as a minority partner in the financing of the project, with appropriate representation on its board, and stand back from highly prescriptive regulation, particularly of tolls. Under such an arrangement there need not be a fixed concession length.

"We have a straitjacket on all these projects at tha moment, which serves the government badly if it wants a dynamic market for PFI contracts," says Mr Armstrong. potential is severely constrained."

Mr Chris Elliott, managing director of structured finance at BZW, the investment banking division of Barclays, who advised on the project, deveiops the "straitjacket" theme. Under the Severn contract, a franchise is awarded to "Severn River Crossing plc", an operating company with four shareholders (Laing and GTM with 35 per cent each, Bank of America International Finance Corporation with 15 per cent, and BZW with 15 per cent). The franchise is not transferable to any other entity.

Mr Elliott believes the inabil-

ity to transfer contracts will inhihit the growth of a "PFI operating sector" because of the requirement to have a separate, free-standing venture for each project, irrespective of size. "This is a significant disincentive to the development of an effective market in PFI

Mr Elliott believes the main ingredients of the PFI are now stable, hut as the number of PFI contracts rises sharply, will look increasingly odd to have a patchwork of small freestanding operators in each sec-tor unable to merge or transfer their undartakings."

This raises two wider issues. Sector by sector, the PFI is forcing the creation of new types of commercial venture to undertake the combined construction, operating and financing dimensions to PFI contracts. As markets develop, will a consolidation of operating companies take place so that, say, there are three or four principal operators of toll hridges and roads? Such consolidation appears

inevitable. The question is how it will come about. In the case of new contracts, the prospects are clear enough, ainca the "streamlined" market of consortia will be the only ones bid-ding. But the implications for the contracts already agreed are uncertain - and that may incinde the Severn Crossing. which is one of the earliest.

Then there is the issue of financing PFI projects. Until now, most of the finance has been in the form of deht, with littla equity. As operating coosortia become bigger and better established, the proportion of equity might be expected to rise. But few in the City are prepared to estimate how fast

this process will advance. The PFI is still in its early days, and it is far from clear how it will evolve. Not least of the uncertainties is the possibility of a change of govern-



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DEVELOPMENT AGENCY

■ TOLL BOOTH TECHNOLOGY: by Charles Batchelor

Alarm bells over a costly precedent

Rows over tolls on the first Severn bridge may influence future UK road policy

Sharp increases in the level of tolls charged to cross the Sev-ern Bridge have prompted many drivers to divert to other less suitable roads and have started a heated discussion about the merits of charges on

The controversy over the Severn tolls may well have influenced the broader debate over the wisdom of government plans to introduce electronic toiling across the 1,700mile motorway network. Political sensitivities combined with unexpected technical complications have led to the introduction of tolling being delayed.

Tolls on the Severn Bridge increased fairly sharply after April 1992 when Severn River Crossing (SRC), the private sector consortium building the second Severn crossing, took over responsibility for the bridge. Tolls had been payable both ways across the hridge hut the new owner began collecting them only on the westward journey into Wales.

Matters were made worse in 1993 when discounted pre-paid vouchers were withdrawn and replaced by "trip passes" and vehicle tags. Hauliers resented these two schemes because they required payment in advance and they did not provide discounts for multiple

The result was that 2,500 west-hound drivers a day diverted through Gloucester-shire to avoid the toils although toll-free return journeys to England were made across the bridge. About 1,000 vehicles which chose other routes were beavy trucks, according to a study by the Highways Agency.

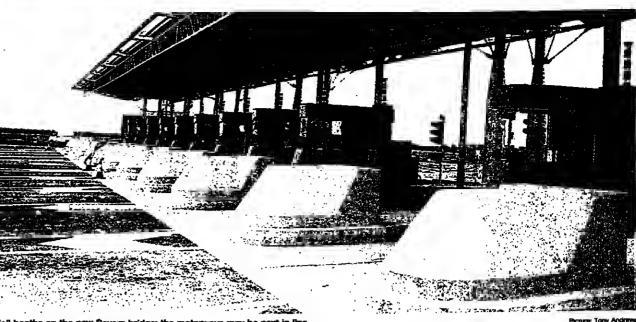
Reintroducing a 10 per cent

discount for multiple journeys back to the bridge and could even boost revenues by generating additional traffic, accordness School for the Freight Transport Association and the Road Haulage Association.

The two associations hope to bring pressure on the govern-ment to persuade SRC to reduce its charges but they acknowledge that there are limits to ministers' influence on a private sector company.

The government does not appear to be susceptible to arguments that bridges and tunnels are as much a part of the road system as any other stretch of tarmac and that specific payments to use them are anomalous. The opposite is the case. The government appears now to be set on charging for large parts of the roads network, though it has not decided precisely how.

Plans first announced in 1993 for a system of electronic



been thrown into disarray by the withdrawal of half of the eight companies which were originally selected to take part in trials.

They have withdrawn because they do not now believe that electronic tolling will be introduced in the near future while the government expects them to bear an inordi-

windscreen or record the journate share of the costs. Some ney for hilling later. It is comhelieve that it would make paring systems which work by more sense gradually to extend the tolling systems in place on microwave. infra-red and bridges and tunnels instead of global positioning satellite technology. devising a completely new system from scratch.

The government insists that it is pressing ahead with its plans but plans for trials on The government is looking at systems which would registhe Transport Research Laboter the passage of a vehicle and either deduct a charge from a smart card behind the vehicle's ratory's test track and in "live" conditions on the M3 motor-

way in Hampshire bave been delayed for six to 12 months. The problem lies in devising a system which can deal with

the busy traffic conditions on Britain's motorways without slowing traffic. Ohtaining sufficient accuracy is also important so that drivers do not avoid paying or are charged in error when they have not made Parliamentary way to raise cash

When the first Severn bridge was envisaged, it was to be funded by the government as part of the trunk road network (writes ROLAND ADBURGHAM). But in 1965,

when it was close to completion, the Severn Bridge Tolis Act established the right of the government to charge tolls to cover the construction and maintenance costs.

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In 1992, when Severn River Crossing took over responsibility for the bridge, the toll was £1 for cars and £2 for heavy goods vehicles. SRC changed the tolling regime to levy the tolls in the westbound direction only, and charged £2.80 for cars and £8.40 for

Today, the toll - which will he the same on the new bridge - is £3.80 for cars, £7.70 for small goods vehicles, and £11.50 for heavy goods

The formula by which SRC levies the tolls is stipulated in the Severn Bridges Act 1992. Since January last year, SRC has been restricted to annual increases of not more than the rate of inflation. This will remain tha case for the remaining years of the company's 30-year concess 3

Ferries could make

The idea of Bristol Channel ferries has been revived for carrying day.

trippers between the west country

Studies by the consultancy Beckett Rankine Partnership have shown a fast ferry service would be feasible, and market research has

found sufficient demand on both

sides of the channel to make it

Two paddle steamers, the

Balmoral and Waverley, already.

run pleasure trips in the channel

several possible routes.

but the intention is that ferries

could provide scheduled services on

It has been estimated that an

annual spend of £3.5m and 100 jobs

There is an enormous amount of

could be generated and talks are

taking place with four potential,

interest," says Mr Peter Cole of Tourism South and West Wales,

who heads the project's action group which is supported by local

authorities and tourism bodies in

Wales and the west country. "I'm ?

sure there will be more maritime. activity in the channel," he says,

a come back

and south Wales.

■ GEOGRAPHY: by Roland Adburgham

Ice Age left a watery legacy

Since the dawn of history, the estuary and the Bristol Channel have been a barrier to travellers

Those who complain about the stiff tolls on the Severn hridges might reflect that, had they crossed the estuary by ferry 200 years ago with a coach and two borses, the fee would have been 12 shillings (60p). For a man and his horse - perhaps the nearest equivalent to today's motorist - the cost in the 1750s was one shilling.

For that, the horseman could have hired a farm labourer for a day, or downed eight pints of strong ale. Today's car toll of £3.80 would merely purchase a coople of pints.

If one had made the journey 10,000 years ago, there would have been no need to pay - because what becama tha Severn estuary was then a dry valley. From its source in the Welsh mountains, the Severn originally ran northwards to join the river Dee. Tha Ice Age blocked this channel and, eveotually, the impounded water overflowed south-

wards to take its present course. Tha estuary and Bristol Channel then became almost as divisive as the English Channel in shaping the contrasting character of the people on either side. The estuary's extreme tidal range and ferocious currents made the crossing hazardous and, for centuries, this acted as a cultural and economic barrier, fostering rivalry that still exists.

Cross-channel trade, however,

Age. The Silures, a Celtic tribe which dominated south-east Wales, established a fort at Sudbrook, near the Welsh side of today's second bridge. When the Romans came and subjugated the Silures, they are believed to have run a ferry to service their garrisons at Caerwent and Caerleon.

Proof of a ferry in the Middle Ages between Aust and Beachley where the estuary narrows and on the site of today's suspension hridge is found in the charters of Tintern Abbey. That ferry became known as the Old Passage after a second service, called the New Passage, was set up in competition. To summon the ferrymen from the other bank, waiting passengers are said to bave In 1823, the Scottish engineer

Thomas Telford was appointed to improve tha mail routes and he built a stone pler for the Old Passage. Research by the former Gwent county council discovered that the ferry, in one four-month period, carried 7,204 passengers, 502 carriages. 30 wagons and carts, 1,387 horses, 673 cattle and 8,181 pigs.
Telford – who designed the Menai

Straits bridge in north Wales - is given credit for first proposing a suspension bridge between Aust and Beachley. That plan came to naught. Instead, the next local transport improvement was the Gloucester and Sharpness canal, which opened in 1827 and made Gloucester an Important inland

Meanwhile, coastal vessels were



regularly plying across the Bristol Channel. Welsh produce would be shipped to feed the people of Bristol, and the boats would return with tha city's manufactured goods and tobacco and chocolate.

Jan Morris, in her book The Matter of Wales, writes: "Some families made a living collecting snails for Bristolians, who ware popularly supposed to live on them (though actually the chief customers were hlowers in the Bristol glass factories, who ate them as a prophylactic against tuberculosis).

The first railway link came in 1863, with the river crossed by a

steamer ferry plying hetween the years ago, when ona train ran into tracks oo two piers. A rail bridge was opeoed in 1879 upstream at Sharpness, but this was soon supplanted by a tunnel for the Great
Western Railway's mainline
The railway immediately sank the
train steamer service and caused between Loodon and Cardiff, on a route which is now crossed by one

of the viaducts of the new bridge. More than 3,500 men worked on building the tunnel, which is more than four miles loog. Services began in 1886, reducing the travel time between Cardiff and Bristol from two and a half hours to 75
minutes. The tunoel enjoyed an tury, the Port of Bristol belatedly excellent safety record until four accepted that there had to be docks

another and 185 people were hurt. Since theo, a £6m safety improvement project has been in progress.

The railway immediately sank the ports such as Bridgwater to lose coastal traffic. Bristol itself had already lost trade to other ports because its docks were handicapped by the tortuous tidal route of the river Avon. Meanwhile, ports in south Wales were hooming with exports of coal, steel and iron

at the mouth of the Avon. Today, tha privatised docks of Avonmouth and Royal Porthury (they were in council ownership until five years

ago) are flourishing. lnevitably, the releotless rise of motoring after the first world war fuelled demand for a car ferry to avoid the 65-mile detour via Gloucester. A combined road and rail crossing was proposed in 1923 as a joint venture between Great Western Railway and the government. This plan was dropped, as was a subsequeot road hridge scheme after opposition by rail and

dock owners. Instead, a car ferry

and I'd love to think there will be scheduled services." was launched in the 1930s hy a former architect, Enoch Williams. Within a few years, the long delays on both sides encouraged renewed demands for a hridge. The Ministry

of Transport dragged its feet and

construction of the suspension bridge did not begin until 1961. When the bridge opened in September 1966, it immediately killed off the car ferry. In the first three days, 100,000 vehicles carrying trippers and sightseers converged upon it, causing 15-mile queues. The toll was no deterrent, compared with the 1750s or even today. For a car, it was only half a crown (12.5p).

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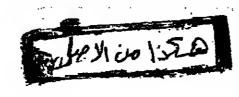
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Cardiff failed to win a Chunnel passenger terminal but may still get a freight facility

South Wales and the West of England are poorly served by direct rail freight links through the Channel tunnel. When British Rail first drew up plans for a network of "intermodal" freight terminals

switching containers between trucks and trains - in the late 1980s Cardiff was due to have one of 12 terminals planned for around the UK. But the privatisation of BR.

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financial constraints on rail managers and the lack of a comprehensive overall government plan for exploiting the potential of the tunnel meant that in the intervening years Cardiff was dropped from the

The city still has a rail terminal, at Rover Way, but it is managed by BR's Freightliner Muhsidiary - which is to he

sold in the next few months and is used for domestic shipments of chemicals, paper, steel and electrical goods. Two trains in and out each day serve deep-sea and European ports such as Liverpool, Felixslowe and Tilbury.

Railfreight Distribution, the BR company responsible for Channel tunnel freight shipments, says one reason for the failure to develop Cardiff as a Euroterminal was the lack of demand for shipments, "We have no plans for a terminal," demand was there we would be happy to service it hut there is no easily identifiable volume of

But private developers and local authorities do not share this view. There have been two rival schemes for a rail freight terminal in south Wales while across the Severn Estuary there are also proposals for a terminal at Avonmouth.

Mr William Hague, Welsh secretary, gave his backing to a site at Wentloog, on the eastern edge of Cardiff, in April. This project is being promoted by the local authority, Welsh Water, Associated British Ports and the site's owner, Euroclad. They have joined together to form Cardiff International Rail Freight Terminal to build a £13m freight-handling facility. The city council and the

Weish Development Agency are both keen to develop the site as part of a regeneration project which would ultimately provide between 10,000 and Both road and rail improve

ments are needed to bring this development about and to maxtmise the benefits. There are already plans for spending £10m on road improvements at Wentloog hut the council is keen to keep heavy freight shipments off the roads.

A rival site at Magor near Newport had been proposed by Morrison Developments, a huild a European freight termi-

owned by Western Properties part of RTZ-CRA mining group Outline planning permis was given in September 1994 but progress since then has been held up by local govern ment changes and the hand over of responsibility for bigb way matters from the now abolished county of Avon to Bristol city council. But RTZthe project will go ahead and is in negotiations with freight operators to run services from the terminal.

M4 motorway, is a few minutes from the new crossing.

gave outline planning permis-sion for the 32-acre freight ter-

ou spare land at British Steel's

Llanwern works on the

north-west corner of the distri-

bution park.
Tesco already operates a

regional dry goods distribution

centre on the Euro Park and

Morrison recently won finan-

cial backing to develop stage

two with a further 2.6m square

sites was keen but, according

to one property market special-ist, the Cardiff project always

had the edge because of its

Across the Severn at Avon-

mouth, near Bristol, outline

The rivalry between the two

feet of distribution space.

Newport horough council

Some people in the railway industry fear that without a strong commitment from a rail freight operator to run trains to some of the sites being developed around the country they could just end up as industrial estates. Uncertainty over the future of Railfreight Distribution, which has yet to be privatised, has added to these fears.

The hope is that Railfreight Distribution or rival freight operators will grasp the opportunity and help fulfil the govmore freight from road to rail.



Cross-Channel Shuttle train driver: a long way from the south west

THE ENVIRONMENTAL BALANCE: by Roland Adburgham

here sea meets the sky

On land and water... the estuary is one of Britain's most environmentally

The Severn estuary epitomises the acute dilemma in trying to strike a balance between industrial activity and conservation. The Severn is Britain's lon-

gest river - 220 miles (354km) and has more tributaries than any other. Its estuary, flowing into the Bristol Channel, is one of the UK's largest and most dynamic. It has the second highest tidal range in the world. It is internationally renowned for hirds and for its ever-changing views of light, For centuries, though, the

estuary has supported trade, commerce and industry, with a string of ports on both banks. Today, in addition to the towns along its shores - about 1m people live around it - there are power stations and heavy industry such as steelworks and chemical plants.

Inevitably, there are conflict-My interests. Port authorities and ship owners have navigational requirements. Fishermen aud recreational users such as yachtsmen and waterskiers make other demands. Dredging, coastal defences and the loss of habitat all raise concerns. There is the need to pro-tect bird and marine life and to reduce litter and pollution.

One recent example of the pressures was an attempt by - Last buttumn, Mr William /- Ms Angela Moffat, the initia-Mr John Gummer, the eovironment secretary, to avoid the costs of stringent sewage treatmeot, required to comply with fining part of the estuary as "coastal waters". Earlier this year, the high court ruled this

to be unlawful. The Sea Empress tanker, which ran aground in February near Milford Haven in south-west Wales, highlighted the opposing interests. The tanker spilled 70,000 tonnes of crude oil which contaminated parts of a beautiful coastline and spread into the Bristol Channel. The three refineries at Milford Haven are a valuahle provider of employment in south-west Wales - hut so are fishing and tourism which

were damaged by the accident. Cardiff Bay harrage Is example which acoused contention. When completed, it will create a freshwater lake intended to be a catalyst for tourism, leisure and commercial development. But the loss of mudilats for wading hirds caused the barrage to be vigorously opposed

lo this case, compensation measures have been agreed under which a hird reserve is being created further up the estuary. It is intended to qualify as a special protection area and the estuary has been proposed as a special area of conservation under the European

habitats directive.

Hague, the Welsh secretary, tive's manager, describes who has shown more interest in protecting the environment than his predecessor Mr John Redwood, turned down proposals for a harrage across the Usk at Newport. But he did approve a planned motorway relief road south of Newport. This has raised further fears about the impact on wildlife within the Gwent Levels. The approach road for the new hridge crosses these reclaimed wetlands, which have a network of drainage ditches called

reens laid out by the Romans. While the hridge itself is stimulating development in the area, much of it on arable land, two other long-mooted schemes could bave a huge impact - although neither is likely tn materialise in the foreseeable future. One is a Severn tidal barrage to generate electricity. The other is a Severnside international air-

port near Newport. It is not before time, therefore, that a partnership called the Severn Estuary Strategy has been launched this year to discuss the issues and encourage co-ordinated and sustainable management of the estuary. Such a strategy is a relatively novel concept in the UK, although many are now heing set up. The government agency English Nature is running an initiative which aims to have management plans

covering 80 per cent of estuary

English Nature's role as that of a facilitator. "We are finding the process is working very well. People are talking to each other and lines of communicatlon have been opened up which didn't exist before." The strategy plans are sup-

ported by local authorities statutory agencies and conser vation groups, and industries which have an interest in estuaries are seen as having a crucial part to play. Ms Moffat acknowledges that persuading companies that they can bene-fit is "a hard nut to crack".

in the case of the Severn, the privatised utility Welsh Water decided last month to join the steering group. Ms Susannah Bleakley, the strategy's project manager, is looking for sponsors for a directory of the estuary's users.

Ms Bleakley, a geologist for-

merly with Shell, says: "We want to explore competing issues, rather than ignore them, and ensure the many uses of the estuary are planned together. We're a project, a partnership, and a process."

By the end of this year, the steering group intends to produce an issues report, in which the parties detail their concerns, and next year to set up topic groups to seek consensus and prepare draft proposals. Then, in 1988, it is hoped there will be an agreed plan to man age the estuary.

Hard hat monitor keeps watch

The second Severn bridge is believed tn be the first project of its kind in the UK to have ad a full-time environmental llaison nfficer during its

constructing. When the Bill to build the bridge came befure parliament in 1990, an environmental statement was prepared by W S Atkins, the consultancy group, and G. Maunsell, the government's agent for the project, with help from the consultancy SGS Environment This statement set nut hnw it was intended to minimise the project's ecological impact.

One aspect was to ensure the design and locatinn of the bridge and approach roads took account of the landscape

ecology and local communities. There was then the effect nn marine and hird life and estuary currents tn be considered. Computer modelling was used to predict flows and sliting.

Annther aspect was that the approach road crosses Green Beit land in England (as part of the road's landscaping. more than 1m trees and shrubs are being planted). On the Welsh side, there are sites of special scientific interest

within the Gwent Levels. The statement pledged that an environmental haison officer would be appointed to ensure that Laing-GTM, the contractors, complied with the

Miss Sue Lees, an ecologist seconded to the post by SGS Environment, bas worked on site monitoring the effects of construction such as the water quality of ditches, liaising between groups and dealing with the concerns of residents."I've thocoughly enjoyed tt, but it's also been stressful." she says. Hard-hat teams are not generally noted for their sensitivity to the environment. "Educating them was quite a problem - hat we got there in the end."

Nn serious problems occurred, she said, because work proceeded very carefully due to the importance of the estuary and coastal land.

Nnw the bridge is complete. the contractors must restore the construction yards to arable land by June next year. Monitoring of the effect of the bridge on banks, mudflats and salt marshes will continue for several mnre years. "Only time will tell," says Miss Lees.



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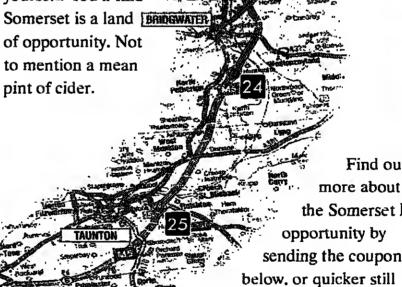
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SOMERSET ECONOMIC PARTNERSHIP

THE FIRST BRIDGE: by Roland Adburgham

The beautiful bottleneck

popular landmark, but strong cross winds can often restrict traffic

Although the first Severn bridge might seem overshad-owed by the opening of the second Severn crossing, a tribute has been paid this year to what the Welsh broadcaster Wynford Vaughan-Thomas once described as "this most grace-ful and impressive of suspension hridges, an elegant and most worihy entraoce to

English Heritage, the government agency for responsible cooservation of historic huildings, has proposed that the bridge should be given a Grade I listing, the highest accolade for an architectural structure. It described the bridge as "a revolutionary piece of British engineering". The 30-year-old bridge is really a combination of crossings, together two miles

long. First, on the English side, there is the Aust viaduct. which connects the M4 motorway to the suspension bridge, which has a main span of 988 metres (3,240ft). The Severn at this point is one mile wide. Then there is Beachley viaduct, which crosses a peninsula between the Severn and Wye rivers. Finally, the Wye bridge carries the motorway into Wales.

Consulting engineers were Mott, Hay & Anderson and Freeman Fox, who designed an innovatory road deck for the suspension hridge streamlined hollow steel boxes to lighteo the weight and reduce wind resistance. These sections were floated down the river Wye from the construction yard at Chepstow

and hoisted into position. The bridge was huilt to withstand winds up to 100mph (which fortunately has not been put to the test). But it was not envisaged that the traffic flow would grow from year to more than 19m, and

The first bridge is a with a great increase in the weight of trucks. Built at a cost of £8m, the bridge has since had many millions more spent on strengthening it.

This work did not obviate the need for a second crossing. Congestion at the toli plazas with tailbacks at peak times reaching several miles, lane closures for maintenance, and the occasional closing of the bridge to high-sided vehicles because of strong winds, all added to the case.

Ten years ago, the government decided there should be a new bridge and the agreement with Severn River Crossing was signed in October 1990. SRC is legally obliged to continue to finance, operate and maintain the first bridge. If it is listed Grade 1, the

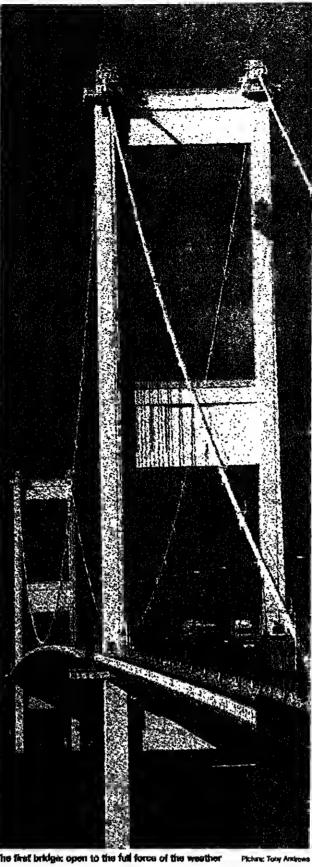
Traffic grew unexpectedly from 6m to more than 19m vehicles a year

consequent restrictions on

structural alterations could add to what is already a costly business of repairs and maintenance. SRC, since it took over the hridge in 1992, has spent over £6m. Mr James Clune, SRC's maintenance manager, says: "I have about 90 people employed plus subcontractors."

One contract close to completioo is the bridge's repainting. The colour has been transformed from a dowdy battleship-grey to a gleaming white, enhancing the dramatic appearance of the 137 metre (445ft) towers and the main cables,

The change has a practical as well as aesthetic effect. Mr Clune says: "The white colour reflects heat and reduces the temperature of the steel in the towers to summer. This reduces movement in what is a constantly moving structure." No fewer than seven coats and 247,000 litres of paint have been used to withstand the hostile marine environment.



The first bridge: open to the full force of the weather

WELSH PROPERTY PRICES: by Simon London

Values are bound to rise but the size of the catchment area that benefits remains unclear

The second Severn crossing is bound to have a positive effect on the property markets of south Wales. The question is whether the impact will be limited to areas adjacent to the crossing or ripple westwards

The immediate gains are likely to be strongest in Gwent, especially the area around Newport, which is already nting Itself as a national distribution centre to rival

This claim received some support lo 1994, when Tesco, the food retail group, decided to build a 500,000 sq ft high bay warehousing and distribution facility at Gwent Europark,

followed. At the end of last year Christian Salveseo, the distribution group, took a 70,000 sq ft warehouse facility at Newhouse Park, Chepstow.

on the map as a husiness location and the second crossing will really open it up." said Mr Michael Rees of Chesterion,

advantages over the west of England. First, land prices are significantly lower. Bristol in particular has suffered from a shortage of land suitable for large industrial developments. In contrast, structure plans drawn up by Gwent county council allocate more than 300 hectares of land for industrial development in the Newport area alone.

New development land is becoming available all the time as former industrial sites are reclaimed. The largest land reclamation scheme in Europe is in progress at Merthyr, to the north of Cardiff.

Wales qualify for government grants, mainly through the Regional Selective Assistance programme administered by the Welsh Office.

Agency also provides compa-

nies with loans and advice on projects which can include

property investments.

ther north. across the Principality.

Bristol or the Midlands.

Magor, near Newport. Smaller investments have

"Economic prosperity fol-lows lines of communication. The Severn Bridge put Wales

the chartered surveyors. South Wales offere two main

Second, investors in south

The Welah Development

In the past these advantages were often outwelghed by the perceived fragility of the Sev-ern Bridge as a link with the main UK motorway network. If the bridge was closed due to severe weather or congestion, lorries faced a long haul fur-

The second Severn Crossing should remove this weakness. The reality is that the channel ports are only a four bour drive from Cardiff. Heavy good vehicles can reach Liverpool Manchester or London in less than three hours.

"The Severn Bridge is a paychological barrier more than a physical barrier. The new essing will increase interest in Wales as a distribution location," said Mr Bernard Ryan, chief executive of the Land Authority for Wales, which sembles development sites.

Although modern empty industrial buildings are currently in short aupply, the WDA and private developers have started to respood by building more speculative units. Morrison Developments recently started infrastructure works on the second phase of Gwent Europark.

There are two clouds on the borizon. First, the second crossing has opened up bundreds of acres of employment land on the Bristol side of the

Secood, government planning policies mean that Wales will soon have to join England

which must be protected from development. This could restrict the supply of employment land, especially around Cardiff, and possibly drive up

land prices. However, property ageots believe that the positive psychological impact of the new crossing will outweigh these factors, in theory this should apply to the office property market as well as industrial and distribution sectors. Sites such as the 45 acre

Celtic Lakes husiness park. outside Newport, which has Some smaller

regeneration projects further west are expected to be boosted by the new crossing

been awaiting development since the late 1980s, should receive a boost if more potential tenants add south Wales to their short-lists of potential

Cleppa Park, a neighbouring business park owned by Castlemore Securities, the Birmingham-based property company. has been chosen by the WDA as the site for a 27 acre leisure development which will include a multi-screen cinema and bingo complex.

Moreover, the second Severn crossing is part of a proimprovements, including a planned direct motorway link between the new crossing and Cardiff, which could help spread development through

south Wales. The new crossing has to be seen as part of a package of improvements to the M4." said

Rail links are also being improved. A railfreight terminal is planned for Wentloog Corporate Park, to the east of

Cardiff. Cardiff International Airport is earmarked for expansion in the ownership of TBI, the prop erty investment company, Property agents hope that Car-diff, which dominates the Welsh office market in terms of size, will start to rival Bristol as a favoured relocation. destination for UK compatition.

The Cardiff Bay development

provides a abow-casa, with sites available for headquarters buildings. Cardiff city centre, also has new office space for occupation, such as Helical Bar's Kingsway development New roads, such as the new

Pentwyn Link road with the M4 to the north of the city have also opened up land for out-of-town husiness park; development.

The Land Authority for Wales is involved in a outliber of smaller regeneration pro-jects further west - including Carmarthen and Port Talbot town centres - which Mr Ryan believes will receive 3: long-term boost from the secand crossing as development spreads from the east.

ASSISTED AREAS IN SOUTH WALES Pontypried & Phonodia



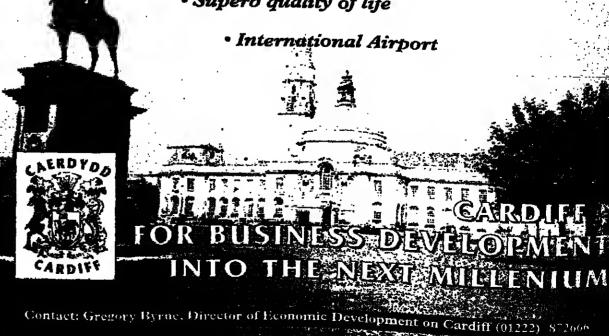
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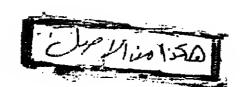
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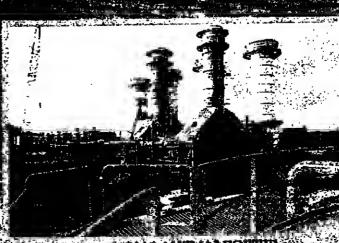
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TOURISM: by Rhys David

Battle royal between two proud cities

The area's two main cities are set to intensify their competition for visitors

For two cities so close to each other - and now even closer as a result of the npening of the econd Severn crossing - Cardiff and Bristol share few char-

Cardiff was an important Roman fort, and later a medi-eval stronghold, with a fine 12th century Norman keep in the middle of its now largely Victorian castle. But by the time Bristol had risen to prominence as England's second city through its trade with the New World importing tobacco and other goods. Cardiff had sunk into obscurity, only reviving, to displace Merthyr Tydfil as Wales's biggest town in the 19th century, as a result of the explosive growth of coal

Yet, rivalry has aiwaya existed between the two which seems set to intensify as both battle to win wider influence outside their immediate hinter-

Ona area where the two meet bead on is tourism, which with the decline of other more traditional industries has become an important source of jobs and wealth. Here, Bristol has long had a variety of traditional venues, many of them popular with visitors from south Wales, such as the 200, Harvey's wine cellars and se Great Britain

Yet Cardiff, by most measures, has stolen a march in recent years on its somewhat larger English rival, by winning a high place in the top 10 British cities both as a retail centre and as a conference and shibition venue. Year programme aimed at mak-Somewhat to the aggravation ing Bristol one of the main

investment in new city centre ahopping precincts has brought in visitors from as far afield as Torquay and Birmingham not to mention nearer des tinations on both sides of the

The National Union of Teachers confarence, one of visited Cardiff at Easter for the first time since 1891, filling hotels and just as importantly, according to Norma Jarboe, chief executive of Cardiff Marketing, hlazing the city'a name across newspaper headlines and television and radio bulle-

St. David's Hall and the Cardiff International Arena hetween them have also helped to give Cardiff a strong profile as a cultural and sporting venna, hosting events as diverse as the Cardiff Singer of the Year, the Welsh Proms, championship boxing, and rock concerts. And with the flexibility they can offer, the city has ambitions one day to host the CBI or one of tha big party political conferences.

Yet, there are signs that Bristol is beginning to stir in these areas, too. City centre retailing has been given a boost by the decision of Bentalls of Kingston upon Thames to invest £20m in refurbishing a city centre store vacated by the John Lewis group when it moved to Cribb's Causeway, the out of town shopping centre north of the city.

A long period of frosty relations between public and private sectors has come to an end with the creation of the Bristol Forum, bringingto-gether business, hotels, retailers, the arts, local authorities and various other bodies. One of the first fruits of this has been Bristol 2000, a five

Home is a Welsh-Norman castle

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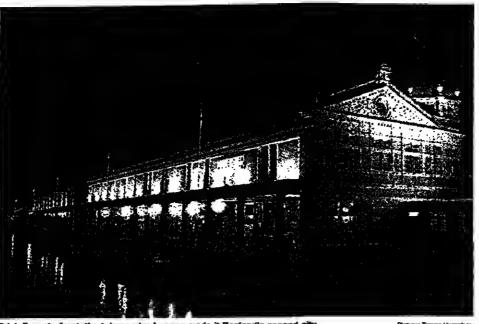
The closest tourist attraction on the Welsh side of the new Severn crossing is Penhow castle, the first fortress with a stone keep to be built by the advancing Normans in 1070. It proudly claims to be Wales's oldest inhabited

castle. Yet, for owner Stephen cquirea it in 1973 and has since spent a small fortune restoring its rooms, its very proximity to the crossing has presented a problem. Whereas the first bridge delivered visitors from England on to a stretch of the A48 road eight miles away at Chepstow, the new crossing will sweep past his property taking them straight on to

Weeks, who is planning this

year to bring the castle's dangeons back into operation following last year's redecoration of the 17th century dining room, bopes the problem can partly be solved by better sigmosting but if necessary be will send a free map to anyone who calls n on (U)1683 4

Visitors, who include a number of school parties, currently come mainly from a radius of 30 miles or so around Penhow, but special evening events have drawn visitors from as far as London. Through a scheme called Mansions and Manors, Penhov has also developed a niche in accommodating US visitors. keen to say they have spent a



ambience of a tourist city

rather than simply a busy com-

The mechanisms to be used will include greater pedestrian-

isation, better use of street fur-

niture, floral displays, and

signposting to guide people

around designated quarters,

such as the Old City, Broad-mead, and Clifton village.

Transport provision la also

Cardiff will host

the 1999 Rugby

world cup in a

new stadium

dybuses and light rail.

being looked at, incloding ben-

facilities on stream, Cardiff

will be completing its own

tourism-generating projects,

notably the £106m new

national rugby stadium which

will host the final of the 1999

Rugby World Cup. The 75,000

capacity all weather stadium,

to which the Millennium Com-

mission will contribute £46m.

will have a retractable roof and

be available for non-sporting

events such as concerts.

Directly and indirectly it is expected to lead to 1,600 new

jobs and provide an injection

into the local economy of £36m.

discussed include further

pedestrianisation of the west-

ern part of the city's compact

centre to consolidate its posi-

tion as the UK's fourth or tifth

The stadium aside, bowever,

best performing retail centre.

the most important investment

in new visitor facilities is tak-

ing place in what is now

termed Cardiff Bay, the former

dockland area south of the city

Other developments being

Yet, as Bristol brings its new

mercial centre.

Bristol's waterfront: the tobacco trade once made it England's second city

cities for celebrating the mil-Bristol does have the drawback of being not one city with a lennium, through the creation of a number of new attractions single identifiable heart but a series of neighbourhoods, at in its harbourside area. An present poorly linked with each other. This is a problem application has been submitted for a total of £82m towards a £150m scheme, with much of now being addressed by a new the remaining funds already transport and promotional strategy, aimed at creating the nised from local sources

New facilities are confidently expected to attract at least 500,000 visitors a year. They would include a centre for the performing arts, which could also double up as a conference venne, a science world hands-on discovery centre, not unlike, but possibly higger than, Cardiff's hrand new Techniquest, and Wildscreen World which would huild on Bristol's international reputation as a centre for natural history film making. This would contain an electronic zoo, a large format cinema for showing natural history films, a museum of wildlife photography, and an international environmental record archive.

Developers are also showing interest in huilding a conference venua on a 20 acre former Post Office site adjoining Brunel'a historic Temple Meads

When built these new attractions could help to boost substantially the estimated £400m income Bristol derives from (mainly business) visitors at present, increasing the number of visitor dependent jobs from the present 20,000.

Bristol is also boping to win designation as a Green Globe city and to use this status to attract upmarket tourists from areas such as the Netherlands and Germany where care of the environment is prized. Under the World Tourism and Travel Council backed scheme. green globe cities are chosen for their commitment to enviisitive touris projects. "In Bristol one small example of this is the high proportion of visitors - around 11 per cent - who arrive not by car but by train," says John Hallett, Bristol's head of tourism and marketing. Yet compared with Cardiff,

A new five star and a new family hotel are among a number of hotel developments and refurbishments currently going ahead in the bay, and other new permanent features will include an attraction based on Roald Dahl (a Cardiff native). and a hig new multisports facility. A revised music theatre project is also being put forward to replace the failed opera house hid.

Yet while the hig investment ns mainly to be going into Cardiff and Bristol, both of which can expect to attract more visitors from both sides of the bridge, other parts of both regions will also benefit from the improved accessibillty and reduced travelling times at peak periods which the new crossing will provide.

The Oakwood leisure park in west Wales is, for example, investing a total of \$20m in new focilities, including Britain'a biggest wooden roller coaster, It aims to attract people within a three hour drive, including many from the south east, south west and English Midlands, In a few years, Wales will also have courtesy. of the Millennium Fund, its own national botanical gardens at Middleton Hall near Llan-

deilo in Carmarthenshire. Nearer the bridge, a £20m expansion is planned at the Celtic Manor Hotel outside Newport, owned by the founder of the highly successful Canadian telecommunications company, Newbridge Networks. The plans, which will take investment in the site to more than £70m, involve new bedrooms, a conference and banqueting centre and a third chamipionship golf course.

With tourism spending likely to cootinue to grow strongly both sides seem likely to benefit, therefore, drawing in visi tors from each other's hinterland and from a wider area.

There also remains the prospect of widening the limited co-operation which currently exists between the two sides in order to promote the region as a whole to foreign visitors.

E CARDIFF BAY DEVELOPMENT: by Rhys David

Timing is perfect

The new bridge could not have opened at a better time for developers at Cardiff docks

For Cardiff Bay, the ambitious Government-funded scheme to revitalise the city's Victorian docks area, the opening of the second Severn crossing could hardly have come at a better

For the opening of the new link coincides broadly with the completion of the final stretches of highway joining the bay both east and west with the M4 London-south

Wales motorway. Visitors to Cardiff - the bay authorities expect 1.5m this year and 2m by 2000 - will in future be directed along this route, making a hitherto cutoff part of the city its shop window.

They will approach the city hy skirting the Severn estuary and the vast expanse of mudflats which hy completion date in 1998 will he contained within a one kilometre long £191m barrage, before proceeding along a new boulevard into the city centre. On either side they will see

an area now partly transformed - hrave new huildings, sncb as the headquarters of credit insurance group NCM, alongside Victorian edifices waiting to he refurblshed. housing and hotels next to old docks, and a large acreage of land still awaiting new users.

Dutch-owned NCM, whose

prow-shaped huilding projecting into the bay has impressed architectural critics, has been one of the bay's big successe Others are Ocean Technical Glass, a capital and labour Intensive German-Japanase joint venture producing cathode ray glass, various leisure attractions such as the new Techniquest hands-on science discovery centre, and sensitive restorations of a former bonded warehouse, an old HM customs office, and a former Norwegian seamen's cburch, now converted into an arts centre.

According to Michael Boyce. chief executive of the Cardiff public funding of the bay which started in 1987 will by the end of this year have helped to lever up £800m in private sector investment and create 6,000 jobs, with an ultimate target of 30,000 drawn from a wide sub-region around Cardiff, including its adjoining valleys.

There have been some disap pointments as well, however, notably the failure to secure Millennium funding for a new home for Welsh National Opera, and the runner-up position (behind Lanarkshire) in the battle for the huge Chung Hwa cathode ray television

Road, Shurdington,

■ Somerset Economic

TA6 3AR. 01278 424391

■ West of England

Partnership. Mike French.

Square. Bridgwater, Somerset

Development Agency. Peter

Connor, chief executive, 5

Greenways Business Park,

■ Western Development

Bellinger Close, Chippenham

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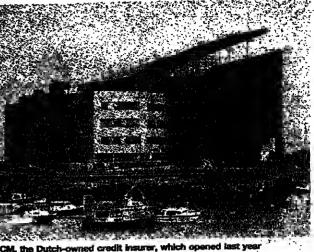
Partnership. Martin Willey.

chief executive, PO Box 606,

Bristol BS99 5RE. 0117 9298884

Bridgwater House, Kings

Cheltenham GL51 5JA. 01452



tube and computer monitor Financial services, another

hoped-for source of inward investment, have also heen somewhat slow to come. Arrivals such as NCM, and Axa Equity and Law, which occupies a site between the bay and the city centre, will shortly be joined by Legal and General which is setting up a call centre in Cardiff, employing 400

The city, a back office centre for Chemical Bank, has lost out to Bournemouth, however, following the merger with Chase Manhattan and subsequent rationalisation of services. New office space will, however, continue to target this sector, including Scott. Harbour, a £15m naw fivahuilding scheme by Grosvenor Waterside, property arm of

ABP, the port'a owner. Yet, for Michael Boyce, every scheme brought in before the flooding of the mudflats behind the barrage is almost a bonus. "NCM took their decision earlier than everyone else because they bought into the vision of a superb maritime setting. Others will come when the barrage is completed," he says.

Ocean Technical Glasa ia regarded as pure gold because of the type of jobs it will bring - many of them physical and highly suitable for men - and the long term investment commitment involved in this high technology £200m project.
The presence of a big sup-

plier is also expected to help to anchor the large number of television related jobs in other pairs of south Wales, where Matsushita and Sony have been among the biggest investors over the past 20 years.

The visitors that the bay hopes to attract are also seen as vital to its future development as they are expected to include some who will want to come back as investors. Part of the marketing effort, therefore, has involved creating a range of activities, many of them water based, throughout the year, in order to attract people from a wide area of soothern

Among these will be a £30m leisure complex planned by Tarmac at the barbour entrance which will include a multiscreen cinema. A new satellite communications gateway, backed by a consortium of cable and other companies. has also recently been

announced for the area. It is hoped this will attract modern industries requiring high speed and high density data and voice communications links.

Another vital trigger will be the new boulevard and light rail link which will join the Cardiff, replacing the once notorious Bute Street and the adjoining embankment along which existing rail services

Building has been delayed by a government requirement that the proposed scheme be put out for consideration under the private finance initiative. A number of consortia bringing together huilding and transport groups have now put in hids which are being evaluated, and it is still intended that the scheme be in operation hy 1999. For the private sector the incentive will be the opportunity to develop land on either side of the road which will run in a 90 metre corridor down to the middle of the waterfront.

. A vital piece in the bay jigsaw, which may still be needed to make sure the rest fits together to create the right overall picture, remains the opera house. Following the rejection by the Millennium Commission of the scheme put forward by the trust chaired by former Welsh secretary, Lord Crickhowell, a consensus has emerged that a broader scheme to create a performing arts complex, including a music theatre and museum facilities, is needed.

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A revised bid is likely to be put forward soon by a group led by the CBDC, and if successful an operating company will then be formed to build and run the new institution. It offers the prospect that something will in the end be built. and that its purpose will be perceived as being less elitist than the Opera House. Indeed, the stress is likely to be on the limited number of weeks it will be used to cater for Welsh National Opera and the opportunity it will offer to bring Phantom of the Opera, Les Misérables and other big shows to Cardiff

It may thus avoid the controversy of what was seen before as a toffs' scheme. Whether, as was the original intention, it will create a building which would be ranked alongside Sydney Opera House is another matter.

M A DIRECTORY OF USEFUL BUSINESS CONTACTS

Who's who in the west

THE opening of the second Severn bridge coincides with the reorganisation of local authorities on both sides of the

Severn estuary. In Wales, 22 unitary councils took over on April 1 from the former two-tier structure of county and district councils. In the west of England, Avon county council was abolished on the same date and replaced by four unitary councils, including one for Bristol. However, Gloucestershire and Somerset county councils have been

These are the contact names at the new and existing local authorities and other agencies involved in economic development and attracting

SOUTH AND MID WALES COUNCILS ■ Blaenan Gweot. Peter Slater, director of economic development, Business Advisory Centre, Enterprise House, Rassau Industrial Estate, Ebbw Vale, Gwent NP3 5SD. Tel. 01495 306770 ■ Bridgend. Malcolm Thomas, director of environment and planning services, Angel Glamorgan CF31 1LX, 01656 643643 Caerphilly. Chris Burns.

head of economic development Nelson Road, Ystrad Mynach, Hengoed CF82 7EP. 01443 815588 ■ Cardiff. Gregory Byrne, director of economic development, County Hall, Atlantic Wharf, Cardiff CF1 5UW. 01222 872000

Carmarthenshire, Gerald Campbell-Phillips, director of economic development, Town Hall, Llanelli SA15 8AH, 01554 ■ Ceredigion. Bronwen

■ Swansea. Mel Edwards, director of economic development. County Hall, Swansea SA1 3SN, 01792 636000 House, Newtown, Powys ■ Merthyr Tydfil, Geoff Peters. SY16 1JB, 01686 626965

Castle Street, Merthyr Tydfil CF47 8AN, 01685 723201 ■ Monmouthshire, Jeff Martin director of planning, Mambilad House, Mambilad Park Estate, NP4 OYL, 01495 762311

economic development officer,

■ Neath Port Talbot. Adrian Jenkins, director of economic development, civic Centre, Nesth SA11 3QZ. 01639 763333 ■ Newport. Roger Davies, head of economic development and regeneration, Civic Centre, Newport NP9 4UR. 01633 244491 ■ Pembrokeshire, Kefin Wakefield, head of economic development, Pier House, Pier

Road, Pembroke Dock SA72 6TR, 01646 684914 Powys. Graham Davey, director, planning and economic development, County Hall, Llandrindod Wells, Powys LD1 5LG, 01597 826000 Rhondda Cynon Taff. Graham Mellor, director of planning, Llwyncastan Library Road, Pontypridd CF37 2YA.

01443 400322 ■ Torfaen. Andrew Fretter. director of development, County Hall, Croesyceiliog Cwmbran, Torfaen NP4 6YB.

■ Vale of Glamorgan. John Maitland Evans, director of economic development; Dock Offices, Barry Dock, Barry CF63 4RT. 01446 704611 WELSH DEVELOPMENT

■ Development Board for Rural Wales. John Taylor, chief executive, Ladywell

WEST OF ENGLAND COUNCILS ■ Bath and North East Somerset. Robert Mimmack. director of development, Trimbridge House, Trim Street, Rath RA1 2DP Tel. 01225 477000 ■ Bristol. Diana Kershaw, chief planning officer, Brunel House, St George'a Road, Bristol BS1 5UY, 0117 922 2938 ■ Gloucester, Clare Herbert, ead of economic development, Herbert Warehouse, The Docks, Gloucester GL1 2EQ.

01452 396848 ■ Gloucestershire. Tony Burley, head of econom development, Shire Hall. Westgate Street, Gloucester GL1 2TG. 01452 425000 ■ North Somerset, Robert Acland, director of economic development, Town Hall, Weston-super-Mare BS23 1UJ. 01934 888888 ■ Sedgemoor. Mike French.

principal devt. officer. Bridgwater House, Bridgwater TA6 3AR. 01278 424391 ■ Somerset. Robert Batstone, economic development officer, County Hall, Taumtoo TA1 South Gloucestershire. Kevin Chidgey, economic development officer, Castle Street, Thornbury BS12 1HF. ■ Taunton Deane. Trevor Perrett, Dean House, Belvedere

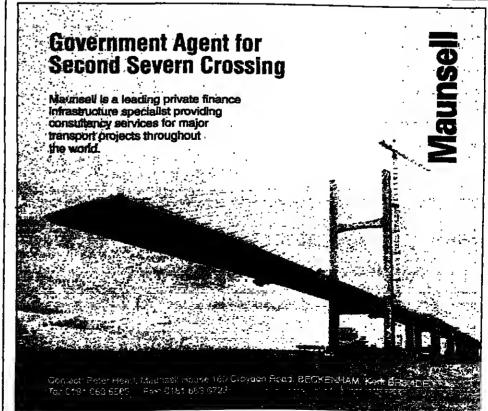
■ West Somerset, Bruce Lang. economic development officer. Council Offices, 20 Fore Street, Williton TA4 4QA. 01984 632291

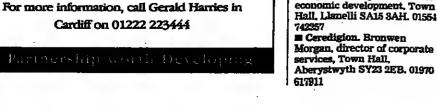
ENGLISH DEVT. AGENCIES **■** Gloucestershire Development Agency. George Irvine, Chargrove House, Main

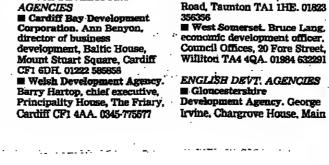
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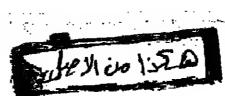
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THE NEW SEVERN BRIDGE 9

■ BRISTOL AND CARDIFF: by Roland Adburgham

Twin poles of regional expansion

The area's two leading cities will both complement and compete with each other

Travel time between the two regional capitals of Cardiff in Wales and Bristol in the west of England will be slightly shortened by the new bridge. It is less certain they will be hrought closer together in

Together, the cities, only 45 miles apart, could provide the twin nuclei for a more robust economic region in European terms. But they have long been rivals and, instead, the bridge could increase their competition for inward investment. shoppers, and tourism and lei-

Bristol is the larger city with a population of 400,000 compared with Cardiff's 300,000. Both, in many respects, are thriving and, encouraged by the general impetus bebind regionalism, have ambitions to play a larger part on the European stage. But whereas Cardiff has firmly established itself as the capital of Wales, recognition of Bristol as the regional capital of the west of England is much more ambiva-

ver last year over where the new West of England Development Agency should be based. Bristol should have been the obvious choice. The agency's role is to win foreign invest-ment for the region's five counties. Bristol, due to its maritime trading past, bas an international name. Harveys Bristol Cream sherry is a world brand. The US has no fewer than four towns called Bristol.

Yet the agencies' sponsors in the five counties could not agree to capitalise upon this. Instead, It was feared Bristol and the economic development agency already based there. the Western Development Partnership, would dominate and snaffle inward investment projects.

A preferred solution was Bath, with an equally famous name, but suitable premises could not be found. Eventually, a compromise location was found: the obscure Wiltshire town of Chippenham.

If this signifies the suspicion of Bristol, and the reluctance to allow it a leadership role, it is partly the city's fault. It is often regarded as introspective and being unconcerned about the wider region. To some extent, it is a question of role. Although the Government Office for the South West is

based there, that hardly o pares with a department of atate, which is what Cardiff has with the Welsh Office.

Both citles, though, have rea-sons to respect each other. The Welsh capitat has a more cobc-sive shopping centre of malls and arcades (and cheaper car parking). It has fine cultural assets such as the National Museum of Wales and Welsh National Opera, even if the opera house project turned into an embarrassing flasco. (Bristolians were rather amused hy

the saga.1 Bristol has no stadium with the aura of Cardiff Arms Park, let alone its replacement to be built to host the rugby world cup in 1999. Nor does it have anything to compare with Cardiff International Arena, which today opens a three-day European business fair.

Cardiff Bay development corporation Is promoting spectacular regeneration, unlike the Bristol development corporation, which was wound up in December with only limited achievements.

On the other hand, Bristol's domestic architecture, especially the Regency, Georgian and Victorian buildings of Clif-ton, Is much more distinguished. its waterfront is at last becoming appreciated as a magnificent asset. It has a

by its Society of Merchant Venturers, incorporated by royal charter in 1552 - that Cardiff cannot match.

One common strength is that both are the undisputed eco-nomic bub of thair region. Aerospace is important: near to Cardiff are British Airways' maintenance base and General Electric'a engine overhaul plant; British Aerospace and Rolls-Royce have manufacturing plants in north Bristol. There are vibrant media industries - as witnessed by the three Oscars of Bristol'a Aardman Animations.

While the west of England has oever been oble to offer the grants packages available around Cardiff, which also bas lower rental and labour costs, It has probably a more skilled workforce. Cardiff bas the University of Walea, but Bristol University is one of the UK's leading academic institutions and, as well, there are the universities of the West of

England and Bath. Although the two regions can legitimately proclaim their quality of life, the west of England, with its schools and bousing, may be more attractive to senior executives and their families. Bath, a dozen miles from Bristol, is arguably the finest provincial city in quence, Bristol has been more successful in attracting hightech industry and the headquarter functions of financial services companies. Hewlett Packard of the US has its European base; Lloyds retail bank, NatWest Life, Sun Life and Bristol & West Building Soctety are among the headquar-

Cardiff, though, has its own active community in financial and businesa services. This month, Coutts, the upmarket private bank, opened an office in the city (It is already established in Bristol.)

Another acknowledgement of the Welsb capital's growing stature has come this year with the decision of the Bank of England to establish a regional agency to monitor husiness conditions - rather than, as hitherto, covering

south Wales from Bristol. A study published last November by Plymouth Business School, in its South West Economic Review, analysed the cities' relative success. The total picture suggests that Cardiff is becoming much more buoyant; a trend which is very likely to continue given the boost of the second Severn crossing and, if successful, the massive redevelopment of Cardiff Bay," it said. "There is,

ESTUARY

tharefore, some concern in Bristol about the increased attractiveness of the Welsh

KEY DEVELOPMENT SITES

The study commeoted: "Bristol is now recognising that Cardiff is a serious threat and that it must develop some strategic

vision of its own." This recognition is apparent in a recent willingness to narrow what has been a self-destructive divide between the public and private sectors - in sharp contrast to the "Team Wales" approach. Cutbacks in the city's financial services sector, the move of Sun Life's headquarters out of the city centre (principally because of traffic congestion and parking difficultles), the Imminent

Cribbs Causeway shopping centre, have belped to concen-

iwens Euro Po

Bristol Chamber of Commerce & Initiative, with its chief executive Mr John Sayage, bas taken the lead in encouraging partnerships between the private sector and the city council, Broadmead, the outdated shopping centre. is at last being improved. The Harbourside regeneration of the waterfront, with a centre

for the performing arts, looks

as though it will come to frui-

Tourism is being encouraged by events such as next week's international festival of the

01222 585918

opening of the out-of-town sit system has been resurrected and park-and-ride schemes have been introduced for shoppers and commuters.

On April 1, the Labour-led

councils in Cardiff and Bristol reverted to unitary status, regaining powers lost under the previous two-tier structure of local government. While both cities would like to have seen the government widen their boundaries to take in the greater urban area, it does present an opportunity for pos-itive political leadership to capitalise upon their considerable strengths. Even If the cities do not become kindred spirits. they are each well placed to move up the European league

■ CIVIL AVIATION: by Roland Adburgham

Bristolians fume at airport ban

There is deep disappointment at John Gummer's refusal to back a new civil airport

In the Bristol region, the shock waves persist. Among the husiness community, there was incredulity at the government's decision in March to reject a plan by British Aerospace to develop its airfield at Filton, north Bristol, into a commercial

When the Confederation of England recently surveyed members to draw up a business agenda for the region, oo fewer than 79 per cent identified air links as the main weakness – a higher percentage than for any other perceived drawback.

Bristol's existing airport at Luisgate, sonth of the city, is a success in its own terms. It carried a record 1.5m passengers in the year to end-March with record pre-tax profits of £4.5m in 1994-95. But it has a limited range of scheduled services, sometimes suffers from flight diversions use of weather conditions. and has poor road access and no railway.

The CBI's report said an

estimated 2.8m people a year travelled by road from the south-west to use air services from London. While the region's relative closeness to Heathrow airport is an advantage, motorwaj congestion is likely to become an increasing deterrent. Tha CBI concluded: "The business communities judge that the south-west's competitiveness is being held back by the lack of an international reginnal airport of the calibre of

Manchester airport." Filton, the CBI said, was the preferred location for an international airport, "gaining overall than any other suggestion". BAe's plan (at least initially) was on a modest scale for a small business airport. But the logic seemed so persuasive – it is an existing airfield with a long runway, close to the M4 and M5 motorways and mainline railway – it was widely assumed it would be approved after a public inquiry last

In giving the thumbs-down. Mr John Gummer, environment secretary, agreed there would be "wider benefits for the local economy in terms of enhanced competitiveness and employment prospects". But he considered there was nn overriding justification for Filton which outweighed the nterests nf local residents, who had prote vociferously. In 1975, a previous environment secretary had allowed thousands of homes to be built near the airfield - even though it had been in mmercial use since the early days of aviation.

Mr St John Hartnell, a leading Bristolian and senior partner of Hartnell Taylor

Cook, commercial property surveyors, did not mince his words. Mr Gummer's decision. he said, was "stupid beyond all credibility". BAe itself announced this month it would challenge the decision in the high court.

Mr Gummer did say the Government Office for the South West would commission a study of future demand for air travel and how that could be met. Two other tentative proposals exist for an international airport. One, called Severnside International, would be on reclaimed estuary land pear . But even it it find the funding, it would face ense environmental objections. The other, UK One, put forward by European Airports Consortium, would be sited close to the new bridge. It too faces huge obstacles to raising development funds and in persuading the landowners to support it.

If the rejection of Filton airport is upheld by the high court, the emphasis will be on improving Bristol's existing airport. Last year, Mr Gumme gave consent for a new terminal to raise capacity to 2m passengers a year by the year 2000. Scheduled traffic is growing faster than charter and accounts for more than a third of passengers.

Its new terminal will cost £17m as part of a five-year £30m development programme. The airport, owned by the city council, is eking private capital for much of the improvements, to include extending the runway to take larger aircraft and in poorer weather. To improve access, Mr Peter Clayson, the airport's managing director, calls for the completion of the Bristol ring road to link the M4 and M5 motorways and to meet with the airport.

Assuming the Filton decision stands, that will also he welcomed by Cardiff International Airport which although it is west of Cardiff. is seeking to extend its catchment area into England. Like Bristol, the airport has a limited range of scheduled services and needs better access. As in the sonth-west, a CBI Wales survey has shown a high proportion of basiness people - 64 per cent of pondents - consider air links to be a weakness.

Upgrading, as at Lulsgate, is under way. Last year, the airport was privatised and sold for over £37m to TBL, the Cardiff and London-based property and development group. It too is seeking more iness traffic (which counts for a quarter of its annual 1.1m passengers) and intends to spend £20m in the

year 2000 on improvements. Last November, a new £8m arrivals lounge was opened. The departures lounge is being expanded and the airport plans to handle 2.5m

CARDIFFBAY

engers by the year 2004. By then, it will he apparent whether south Wales and the west of England have adequate air services – or, as many fear, the regions have been left in the slipstream of those with better regional airports.



Bristol sees more scope to expand its portfolio of land suitable for new development

If the secood Severn Crossing promises to improve road communications to south Wales. Bristol bopes to gain in terms of developable land.

Years of expansion left the city with a shortage of suitable development sites, especially on its northern edge close to

the M4 motorway. Key sites have been filled by big developments such as the Ministry of Defence's new procurement headquarters at Abbey Wood and the Cribbs Causeway regional shopping centre

Suburban housing or green belt meant that many other areas are oot of bounds for

commercial developers.

The second crossing should help alleviate this sbortage by opening up the area between north Bristol and the Severn estuary for development.

The area bas been earmarked for commercial development since the 1950s, when Imperial Chemical Industries acquired 2,000 acres for a planned petrochemicals plant.

Bot poor road communications, based on the twisting A403, meant that large-scale development oever took place. While the southern end of the Severnside site is a jumble of light and heavy industry, the northern end was left largely untouched.

The new M49 motorway, connecting the new crossing with the M5, cuts through the heart of the site. A motorway junc-tion in the middle of iCI's land holding - albeit not in the position the company had hoped for - promises to open up Severnside as a warehousing and distribution centre. The second crossing opens

development is not controversial," said Mr Ned Cussen of King Sturge, the chartered sur-ICI has the biggest landholding in the area. Its new master-

plan for the site envisages a

200 acre distribution park, a

up a huge area of land where

manufacturing space.
The company has started work on landscaping and link roads which will connect distribution sites to the motorway and thence to the rest of the

ICI's fertilizer factory also boasts a railway siding which could be expanded to provide rail freight facilities for potential tenants.

The first warehouse on the site, which will be occupied by Great Mills, the DIY retailer, is under construction. Mr Andrew Sturt, chief executive of ICI Estates, estimated that the site could eventually create 10,000 to 15,000 tobs.

However, ICI does not have a monopoly on developable land in the area. At the southern eod of Severnside, RT2 and Amec Developments are promoting a 60-acre industrial and distribution site known as Severn Gate.

English Partnersbips, the government's regeneration ency, provided a £9.5m grant to help with infrastructure works which were completed

Further south again, close to Royal Portbury dock, Bryant Properties and the Bristol Port Company have plans for a 100 acre manufacturing and distribution park oext to junction 19 of the M5.

Indeed, most of the motorway junctions to the south of Bristol are sprouting commer-cial sites which developers hope will receive a boost from the opening of the Severn Crossing which will increase the freight capacity of the

Nooe of these sites can offer the same incentives in terms of government grant aid which are available on the Weish side of the Severn. This is a booe of contention for landowners on the English side.

Even so. English Partner-ships views Severnside as one of the few sites in the west of England capable of attracting an overseas manufacturer making a substantial inward investment into the UK.

Bristol's most striking success in recent years has been to attract service-sector compa-Life, the insurer, which is nies relocating from other about to move 2,500 staff into a new HO near Abbey Wood. parts of the UK. The city con-

sistently comes out top in surveys of favoured relocation The MoD's decision to relocate to Abbey Wood was the biggest and most high profile of these moves. But private sector companies such as Sun have also made their home in

Artist's impression of Bristol's Herbourside redevelopment plan for which Millennium Funding is being sought

North Bristol was established as a business location by Aztec West, the business park which was set up in the early 1980s by ESN, the pension fund manager, and is now owned by Arlington.

Other business parks have followed. At Bristol Business

Park, where DuPont has an 80,000 sq ft building. Bristol & England Properties and BZW Property Investment Manage ment are building four speculative office buildings. The first was let this year to National Westminster Bank for its

group property HQ. At Emerson's Green, adjaceot to junction 19 of the M4, there are plans for large mixeduse development including offices and warehousing space. Whether these business park schemes will benefit from the opening of the second Severn Crossing is a moot point, Judging by its performance over the last decade, though, the city is

attractive office locations.

already one of the UK's most

E NEWPORT AND GWENT: by Roland Adburgham

be close to the action

Newport, only 12 miles from the crossing, sees new opportunities after losing a battle over a barrage on the River Usk

If one Welsh town, above all, can expect to benefit from the second Severn crossing, it is Newport. A town with aspirations to be called a city - it has 130,000 inhabitants it is only a dozen miles from the new

The bridge's completion will come as a fortunate fillip to Newport because, last autumn, a long-gestated regeneration scheme to build a barrage across the tidal river Usk was aborted.

Newport council, together with Gwent county council, bad promoted the barrage to provide a road crossing over the river and impound water to cover low-tide mudflats. The barrage was intended to be the catalyst for a predicted £400m of commercial, industrial and housing development in semi-derelict docklands, close to the

The Usk, however, is one of the finest

vationists were outraged. After a public inquiry, Mr William Hague, the Welsh secretary, rejected the scheme, saying it threatened "irreversible and harmful effects". His decision was welcomed as a "famous victory" by the Council for the Protection of Rural Wales while Mr Harry Jones, leader of Newport council, declared: The rejection is a hammer blow - but

Newport will not lie down." Mr Hague did say he would be sympathetic to other plans to regenerate Newport's waterfront, and fresh schemes are being evolved to ensure the town does not

The first is to build a bridge - where the barrage would have been - to improve communications within the town, and which could link with a proposed M4 motorway relief road to the south. That road, though, has also run into fierce opposition because of its impact on sites of special scientific interest within the Gwent Levels.

In this case, Mr Hague selected a route last July with construction work envisaged to start in the year 2000. Defending his decision, he warned that, with the

opening of the second Severn bridge, "we have to plan now to ensure that the M4 corridor across south Wales does not become so badly congested that the economy of the region is jeopardised".

To ensure that Newport does not fall by the wayside, the town's new unitary council, which last month took over the powers previously held by Gwent county council. has another scheme afoot. Mr Peter Rees, Newport's project manager for inward investment, comments: "We don't want to lose the potential energy generated by the barrage.

The council is in discussions with the Welsh Office and the Welsh Development Agency about its intention to set up a development board, with representatives drawn from the public and private sectors. It envisages using up to £20m from capital reserves (which had been earmarked for the barrage) and to seek government and European funding to create an overall budget of up to £40m for a five-year programme to regenerate the old docklands. It was the docks, exporting coal, steel and tinplate, which were responsible for the town's Victorian growth and made

Newport the third largest conurbation in

than 1hn bananas come through it every year - and ABP has invested £5m in the last two years to attract new trades. British Steel has invested £350m in its

Wales, after Cardiff and Swansea, Today, the port itself, owned by Associated Brit-

ish Ports, is used for general cargo - more

Llanwern works near Newport during the last decade. Although the workforce is far smaller than it once was, the plant remains the largest local employer and the workforce has stabilised at about 3,500. But traditional industries, while important, are not sufficient. Mr Roger Davies, Newport's head of economic development and regeneration, says: "As a town we are now largely dependent on inward investment, either by being directly created or through expansions by those who are already here.

Those already there include the Patent Office; TSB with a telebanking service; a call centre for Dun & Bradstreet, the company research analysts; Bisley Office Equipment; Newbridge Networks; and Electrotech, a maker of microchip machinery which was wooed from the other side of the Severn estuary.

At Gwent Euro Park at nearby Magor,

close to the new bridge, Tesco bas mediate assisted area, where companies recruited more than 700 staff for a depot it describes as "the largest grocery warehouse in the UK". It supplies 70 of its stores in the west of England as well as

Gwent Euro Park had also hoped to be the site for a European rail freight termi-nal but, last month, the Welsh secretary said a rival site at Wentloog, near Cardiff, was preferred.

If that was a setback to Newport's ambitions, there have been other recent suc-cesses. Yesterday, the local Gwent College of Higher Education raised its status by being inaugurated as part of the University of Wales. On the industrial front, it was announced in March that a £230m semiconductor plant would be built for Newport Wafer-Fab, the subsidiary of QPL International Holdings of Hong Kong.

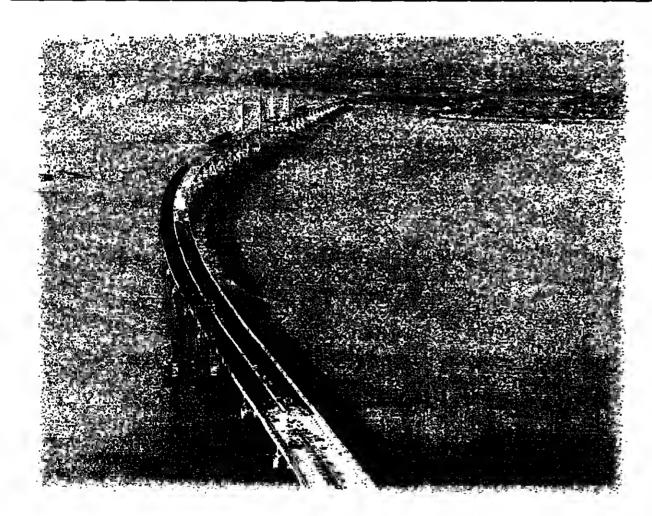
The facility, described as the most modern of its kind in Europe, is expected to create 760 jobs. QPL's investment means that, since the council launched an economic development strategy in 1987, there has been £1bn of private investment with nearly 12,000 jobs created, well ahead of the original targets. This has belped to reduce unemployment in the travel to work area to 8.4 per cent, below the Welsh

One consequence of an improving economy is that the government in 1993 reduced the boundaries of Newport's intercan qualify for grants. But European Objective 2 status for areas undergoing industrial change, has been retained. Mr Davies argues that the town is still having to cope with such structural change and inward investment continues to be vital. "Unless we attract more investment in an increasingly competitive market, we're not going to satisfy the employment needs."

Newport is conscious that most incoming companies have chosen to be close to the M4 motorway corridor, outside tha town. The barrage was intended to be the prime means of improving the appearance, and of attracting investment, closer to the centre. Mr Davies says: "We've taken the view that unless we can make the centre of Newport more attractive, and improve the quality of life there, we will find it increasingly difficult to attract the investment we need."

One highly visible reminder of the town's industrial history is its transporter bridge, completed in 1906. This extraordinary structure carries vehicles high across the Usk on gondolas. It closed in 1985 but reopened last December after £3m of resto-

The scruffy, deprived area around the bridge also needs a repair job - and if the proposed development board, and more indirectly the new Severn bridge, can help to achieve that, the town's citizens will be



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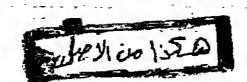
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A comfortable way to save money

The MOD's procurement arm says its £273m move saves taxpayers' money

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Abbey Wood, the controversial new bome for the Ministry of Defence's procurement arm, is rapidly turning from a vast building site into a functioning

The site, located north-east of Bristol near the Parkway station, will have cost £373m to build by the time it is finally finished in the autumn. Moving around 4,000 Procurement Executive staff there will have cost a further £86m. Despite these costs the MoD is insisting the new development will save it money. With the defence budget fall-

ing fast, and with a general reluctance by taxpayers to pour money into nice offices for civil servants, it is easy to see why the cost of building Abbey Wood has attracted crit-

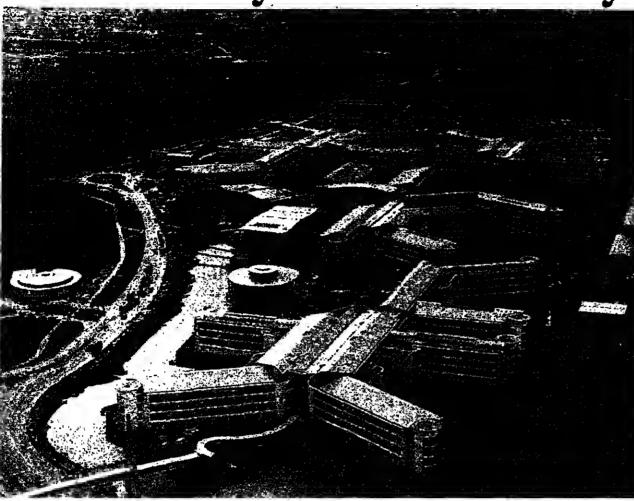
What produced most of the bad beadlines, however, was the fact that Abbey Wood gives the Procurement Executive the kind of facilities that the taxpayers would kill for in their

The MoD argues that many of the refinements which are regarded as "gold-plating" at the Abbey Wood site are sensible ways for the ministry to save money in the long term.

Abhey Wood will house about 5,000 staff when it is finished in a carefully designed and pleasant office complex. Its design team has tried to learn from the mistakes of other large rejocation projects, some in the Bristol area, to ensure the best possible working envi-

So while the team were determined to have an open pian office system to dig sby and retiring civil servants out of their lairs, they have spent money on good quality carpets for the open areas to dampen noise levels. The idea is that the carpets will wear better and allow people to concentrate without being distracted by their colleagues' conversa-

Everyone on the site is linked by personal computer network which, interestingly,



Relocating in style: the new MOD procurement centre at Abbey Wood in north Bristo

is not the system the Procurement Executive itself bought for the rest of the MoD. The PE's system has proved

cheaper and less troublesome. Triple glazing is also standard. Not, apparently, to make sure that sleep is uninterrupted, but for energy saving and to produce a combination of blinds and windows which requires little maintainance.

Giass-topped atriums between huildings provide airy informal meeting spots, but are also said to cut down on the cost of exterior cladding required for the complex. More than 5.000 trees and 15,000 shrubs will have been planted in the grounds by the summer. hut they too apparently cut costs by reducing grass-cutting

The large take at one end of

the site is, the PE says, required by the environmental agencies as a storm drain for the wbole development and doubles as a defence harrier which reduces the amount of

The suspension hridge which links it with one of the two large car parks bas been artistically approved.

fencing needed around the

For those who prefer to travel to work by train, the 23m dedicated railway station is now open, and once the staff arrive there a nursery is ready to receive up to 100 children aged under five.

Given the Club Med feel of the new beadquarters, some Procurement Executive staff have surprisingly moaned about being moved from their dingy cubby holes in London.

None, bowever, has yet refused to turn up for work at Abbey

Some 1,500 staff have been transferred to the site since the top hrass arrived just before Christmas. The rest of the 4,000-odd professionals who are required to move by the MoD are expected by the autumn, and the PE is looking to recruit almost 1,000 mostly clerical staff locally.

PE executives say that the move has proved remarkably smooth, with very little unexpected trouble. Staff have crated up their work over a Thursday and Friday of one week, been moved during the weekend, and have unpacked in time to be reasonably operational by the end of the following Monday.

Those who have moved to

buy bouses in the area have found accommodation quite easily, according to those running the move. Despite the earnest hopes of local estate agents, bouse prices have not been ramped up by the influx of new huyers.

What remains to be seen is whether the taxpayer will really benefit from the operation. The MoD's own figures, which may be expected to highlight all the possible savings, say that the new site will save \$113m a year, ignoring the costs of financing the development.

Whether that is really true remains to be seen, but given the amount of jealousy elsewhere, the Procurement Executive can be sure that others will keeping a careful watch on E CRIBBS CAUSEWAY: by Roland Adburgham

The magnetic mall

After 11 years of planning, a huge shopping mall is going up a few

miles from Bristol It has been long beraided, but whether it is viewed with eager anticipation or trepidation depends upon one's point of

After 11 years of planning and opposition, construction finally began last October of nne of Britain's largest regional shopping centres, Cribbs Causeway, Today, it is a colooy of cranes, five miles north-west from the centre of Bristol, hut hy 1988 it will have become a magnet for shoppers on both sides of the estuary.

Because it is a greenfield out-of-town site, Cribbs Causeway may be one of the last of its kind. It was eventually approved in November 1991 by Mr Michael Heseltine, then environment secretary, after an appeal against an earlier rejection by his predecessor, Mr Nicholas Ridley.

Since then, the government has tightened its planning guidance against similar schemes. Mr John Gummer. the environment secretary. was in Bristol last month making an impassioned defence of town ceotres. "The future of Bristoi, as of all our cities. depends on whether now we are determined to recover the sense of excitement of living and shopping in the centre or to go nn allowing the countryside to be no longer the countryside, and the town no longer the town," he said,

The US, be said, was a "ghastly example of what happens if towns are allowed to spread beyond sense". Did we want, he asked rhetorically, cities to be left to the "rootless. reckless and wreckers?" To meet the demand for housing and commercial development, he insisted: "The use of land that has been used is imperative, and the use of land that has not been used is increas-

ingly macceptable." Mr Gummer did not mention his predecessor's part in allowing that to happen at Crihbs Causeway. Developed by Prudential Assurance, the UK's largest life company, and J T Baylis, a Bristol builder, it will

site of 150 acres.

"The car has become the master, not the servant," Mr Gummer declaimed. In Cribbs Causeway's case, the car is its raison d'être, with free parking for 7,000 vehicles and another 1,000 spaces for the leisure centre. The developers are providing a slipway off the M5 motorway and other highway improvements at a cost of over £10m. The new hridge (in £25m) is just a few minutes drive away.

> Cribbs was one of the last out of town malls approved before the government altered its policy

For shoppers, there is little donbt of the lure of Cribbs Causeway. The two-storey mall will be anchored by a 230,000 sq ft John Lewis department store - John Lewis is abandoning its existing store in Bristol's city centre - and a 145,000 sq ft Marks & Spencer. This month, the developers are starting to market the space for another 140 retailers, with a 900-seater food court plus restaurants.

"The demand is absolutely exceptional," says Mr Graham Maskell, Prudential's associate director in charge of the project. "I can't think of any shopping centre so sought-after. The value of the deals with John Lewis and Marks & Spencer are far in excess of anything achieved anywhere else in the country."

He puts the end-value of the shopping centre at £250m, pins another £60m for the leisure centre and retail park. "Cribbs Causeway is an exceptional location and is seen as something very special," he says.

The plans for the leisure complex include a 12-screen Warner Brothers cinema, a ment centre" and restaurants.

have a shopping mall with 725,000 sq ft of space, plus a leisure centre and retail park with a superstore on a total Nearby, there is already a sepnext year, with the shopping centre in the following spring. Nearby, there is already a separately-owned retail warehouse park which is proving highly successful.

Prudential calculates that Cribbs Causeway is "within an bour's drive for almost 4m people". That range includes Bath, Cheltenham, Gloucester, Swindon, Taunton and Weston-super-Mare. On the Welsh side, there are Cardiff, Chepstow, Newport and valley towns. While all of these could lose

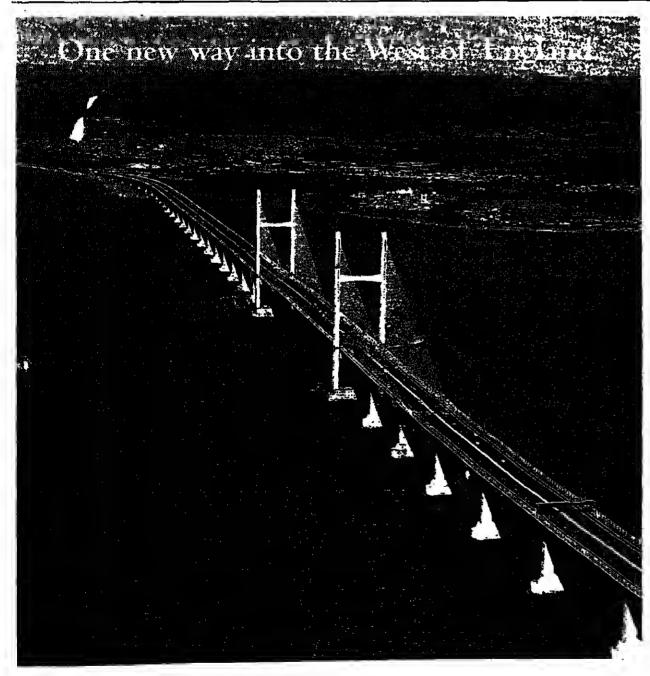
some trade, the most direct competition must be to central Bristol. One beneficial effect of Cribbs Causeway is its galvanising effect on the city, which has realised it must update its own postwar shopping centre.

The city council, the main freebolders, and the private sector have formed a company, Broadmead Board, to revitalise it. Mr John Leaver has been hrought in to manage the board nn a two-year secood-ment from Marks & Spencer which, unlike John Lewis, is retaining and investing in its

store in Broadmead. A notable counterpunch to Cribbs Causeway has been to replace John Lewis with another quality department store, Bentall's, which is to spend £10m in refurbishment. Street improvements are being made, a hid has been submitted to the Home Office to finance closed-circuit television surveillance, improve the car parks and, this month, a television campaign is promoting the fact that more than 100 shops have started to trade on Sundays.

Mr Maskell welcomes the brightening of Broadmead. He argues that the Bristoi area is severely undershopped" and Broadmead will add to the city region's appeal. Mr Leaver bimself is confident. Broadmead is a very robust commercial centre," he says.

"Bristol has so much to offer there is no reason why we cannot compete with opt-of-town centres. But, in the past, we didn't go out to attract people, and now we've started to do it. At last, we are on the front foot and not on the back



Another.

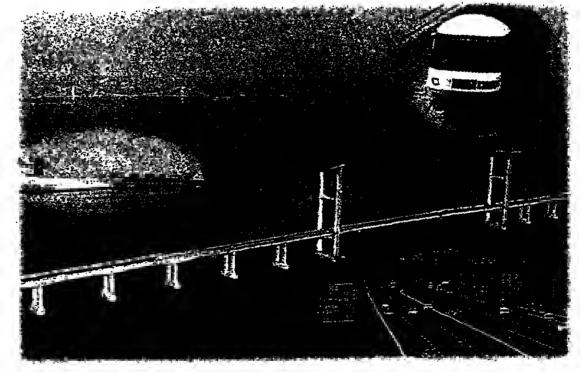


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Newport's connections reach way beyond the banks of the Severn as the array of internationally renowned companies in the neighbourhood can testify.

Infrastructure improvements mean that accessibility to Newport, both locally and internationally, has become increasingly swift.

And, with the opening of the Second Severn Crossing, Newport is keen to welcome investors with their sights set on making yet another Welsh Connection.

For further information, please contact

Roger Davies, Head of Economic Dev Newport County Borough Council, Civic Centre, Newport, South Wales, NP9 4UR Tel: 01633 232555 Fox 01633 232559



A NEW BRIDGE FOR INVESTMENT

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12 THE NEW SEVERN BRIDGE



HOW THEY BUILT IT: by Andrew Taylor Bridge over waters

Against all odds, the work was done within budget and with relatively few serious accidents

By any measure the construction of the new Severn Bridge has been an outstand-

The project has been delivered on time and within the original budget. The construction team will even have made "modest profit" on the work.

Until last week there had been only three serious accidents during construction - a record which compares quite favourably with other large UK civil engineering projects.

It bas been a formidable accomplishment. The stretch of water crossed by the new bridge is one of the most hazardous in Britain.

The tide rises and falls more than 40ft between high and low water and the current runs at 16ft a second during peak flow.

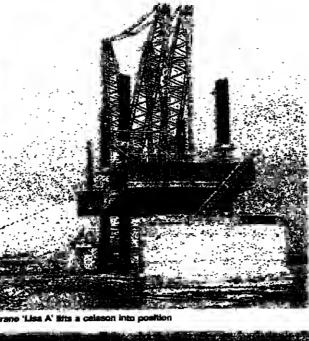
The tidal range is the second largest in the world, behind the Bay of Fundy in Nova Scotia, where spring tides rise and fall more than 45ft.

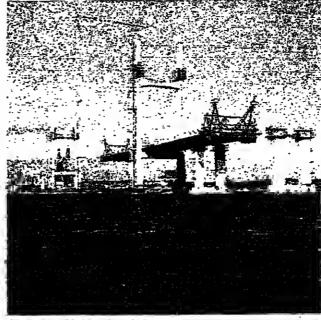
Yet many in the construction industry had feared that the construction team would be unable to meet the project's exacting financial and engineering targets.

John Laing and GTM Entre-pose, the British and French construction companies, were heavily criticised by rivals for offering a cut price when they won the concession to build and operate the new Severn crossing in 1990.

vately financed Dartford road over-runs.

in such an exacting environ-ment cannot be over-stated,"





One of the cable





troubled

The disappointed bldders, which incloded Trafalgar House, which had built the pri-

toll-bridge across the River Thames, claimed Laing/GTM would be unable to build it for the price and that the project would suffer considerable cost

"The difficulties of operating



The cable stayed bridge is structurally complete

says Ian Jamieson operations manager. "It is not so much the tidal range but the speed of the current of up to 9 knots which makes conditions difficult." There was also the problem of strong winds which regularly force the existing Severn bridge to restrict traffic or even to close. "It always seems to be hit at bank holidays,"

The new bridge, designed by Halcrow/SEEE, the British and French consulting engineers, has a wind shield running its full length to ensure that one of the most important routes linking England and Wales is kept open, even in the worst

The contractors, to reduce the hazards of working in the open, decided to pre-fabricate much as possible of the cable-stay bridge in on-sbore

factory conditions. Purpose built concrete plants costing a combined £30m were established oo both shores to manufacture the bridge piers and superstructure as well as the massive concrete caissons each weighing up to 2,000 tonnes on which the crossing

Huge jack-up barges were towed into position and legs lowered to the estuary floor to provide stability, while the caissons and bridge piers were lifted into place to an accuracy of 50mm, helped hy satellite positioning equipment

Construction was further complicated by the presence of the 110-year-old brick-lined Severn rail tunnel under the route of the new bridge on the English side of the estuary. Bridge plets were designed to transmit the structure's load to rock helow the rallway. Ground monitoring instruments have been installed in the tunnel to check for unusual movements

The construction of the railhad liberated an underground water source called "The Great Spring" which produces 11m gallons a day, some of which is used in the nearby Whithread brewery.

The designers and builders of the new bridge have had to ensure that the quality and flow of the water is not dis-

turbed. Tests are conducted fortnightly and sent for analy-

Navigation of the estuary presented another difficult problem as the structure of the new and the old bridges would act as a barrier to radar signals

sis to the brewery.



Teemwork: (Vr) Norman Heste, Laing-GTM's project director 1992-95, Vincent Vesval, construction manager, and David Mizon of Halcrow-SEEE

for ships, of up to 6,500 tomnes, using the river.

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develop a new radar system using VHF radio signals from three strategically placed on shore radar stations. The sys-tem developed by dB Electric ics of Bootle is now being exported to other parts of the world.

Much of the subsequent suc cess of the design and con-struction of the bridge is due to the studies and work con-ducted by consulting engineers G Maunsell and W S Atkins appointed by the government in 1964 to investigate the possi bility of building a new cross

ing.
Maunsell, which remains the government's agent for the engineering and soil studies that established the concept for the bridge and identified some of the eventual construction solutions.

Ian Jamieson of Laing says the two years grace given to the consortium to prepare detailed designs, procure equipment and plan construction - while an Act of Parliament was passed to allow the project to start - proved invaluable.

The detailed designs and studies provided by Halcrow/ SEEE meant that the contractors knew exactly what they would have to deal with arising how problems were to be

resolved.
"It is unusual to have so much time for preparation and the team took full advantage." says Jamieson. Another decision which reaped benefits, he says, was to employ directly all the 1,000 workers required for the job rather than sub-contract the work.

This was technically more expensive in that we had to provide national insurance and other employee benefits but we gained in terms of loyalty and the quality of the workforce which I am convinced meant a lower over all cost," said

There were problems during construction, as with any large project, but these were mostly

At one stage, controls on a large gantry used to position sections of road deck went wrong, sending a deck unit in the wrong direction and damaging part of the completed roadway, which had to be replaced at a cost of several million pounds.

At the beginning of last year installation of the road deck was running 14 weeks late. A series of refinements to the process of putting the spars in place - "lots of small things, nothing spectacular" - meant that all of this leeway had been

made up by the autumn. Cynics may say that John Laing and GTM, each of which owns 35 per cent of the Severn River Crossing operating company, had every incentive to deliver on time and to hudget. But this should not detract from a achievement.

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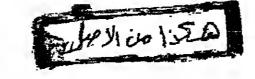
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Wednesday May 15 1996

LEGAL DEFINITIONS

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MedPartners to buy Caremark

MedPartners/Mullikin, the largest publicly traded physician-management company in the US, is to huy Caremark International, a leading healthcare company, for about \$2.5bn in stock. The deal is the latest in the consolidation sweeping the US healthcare store and the history sweeping the US healthcare sector, and the biggest in the rapidly growing area of physician practice management. Page 19

Parmalat plans 1.500bn rights issue Parmalat, the Italian dairy products and foods group, is planning a rights issue to raise at least L500bn (\$323.45m) to cut debt and fund further expansion, writes Andrew Hill in Milan. The company yesterday announced proposals to issue up to 400m new shares at L1,250-L1,600 each, its first capital increase since 1993. The private family holding company which controls Parmalat is to underwrite at least 50 per cent of the issue. The quoted group said it was aiming to reach L5,500hn of turnover in 1996, compared with consolidated sales of L4,290bn last year. Net group profit increased from L102bo to L136bn last year hut parent company profit fell slightly and the dividend was cut to L11 a share. against L13 for 1994. Group deht was L1,096hn at end December 1995, against L961bn a year earlier.

MoDo down 28% amid pulp price gloom MoDo, the Swedish forestry products group, reported a 28 per cent fall in first-quarter profits and cast doubts on hopes that wood pulp prices were set to rebound. Page 16

Chargeurs unveils details of demorger Chargeurs, the French communications and textiles group, said its proposed demerger would be effective from June 24. Page 17

Fairfax tumbles 26% at nine months John Fairfax, the Australian newspaper publisher which has been the focus of long-running bid speculation, announced a 26.3 per cent fall in after-tax profits for the nine months to end-March, at A\$79.8m (US\$63.9m). Page 18

Asarco, MIM part company after 60 years Asarco, the US metals group, has sold its 15 per cent shareholding in MIM Holdings, the Australian mining company, for US\$331.2m, ending a relationship that dates back to the 1930s. Page 19

GA plans car insurance price rises General Accident, the Scotland-based composite insurer, pledged fresh action to reverse fierce price cutting in UK private motor insurance. It said further increases could follow a 4 per cent rise GA implemented last month. Page 20

PowerGen to announce £350m buy-back PowerGen, the UK generating group whose bid for Midlands Electricity was blocked by the govern-ment last month, is expected to announce plans to return more than £360m (\$532m) to shareholders through a share buy-back programme. Page 20

Companies in this issue

AMP		General Motors
	5 15	
AT&T	4	
Africa Israel		
Ahold	17	
Air Canada	19	
Aiwa	1a	
Alcatel Alsthom	17	****
Allied Domecq	15	
Asarco	19	
Avon Energy	20	MIM Holdings
BCCI	4	
BMW	17	Midlands Electricity
BOC	20	News Corp
BT	15	Nyppondenso
Bangkok Bank of Com.	a	Oliva
Batucha Securities	4	Clivetti
Bula Resources	20	PLDT
CWL-Luthi	4	PowerGen
Cable and Wireless	15	Russian Corporation
Centab Pharm	20	SBC warburg
Capital Citres/ABC	4	Sen
Caremark	19	Seogwick
Carisberg-Tetley	15	CHAMBING Description
	17	Surry
Chargeur	4	Sidioa
Clal	5	Sugges Circhb
Codelco	12	Strain.
Commonwealth Bank	19	1,00011
Coming	18	I G L C I I I I I I I I I I I I I I I I I I
Cosmos Jardine		India interioria
Daiwa House Ind	18	
Decre	19	the line and
Elbit	4	
Etak	1a	
Fabr Militares	5	
Fairfax, John		Vattenfall
Flat		Volkswagen
Gen Fin & Sec	1a	
General Accident	20	Westpac Banking Corp

&Annual reports service	24,25	FT-SE Actuaries indices	2
Benchmark Govt bonds	22	Foreign exchange	2
Bond futures and options	22	Gits prices	2
Bond prices and yields	22	London share service	24,2
Commodities prices	21	Managed funds service	26,2
Dividends announced, UK	20	Money markets	2
EMS currency rates	23	New inti bond issues	2
Eurobond prices	22	Bournes	30,3
Fixed interest Indices	22	Recent lesues, LIK	2
FT/S&P-A World Indices	32	Short-term int rates	2
FT Gold Mines index	25	US interest rates	2
FT/ISMA Indibond svc	22	World Stock Markets	2

Chief price changes yesterday

FRANKFURT	-						
Ricos				Legrand	925	+	25
Attane	964	+	25	Synthelabo	416.8	+	12.6
Admir	953	+	22	Entie			
Hankal	648	7	13	Docks de Fr	981	-	116
Hoschst	492.2		11.95	lamabinave	750	_	20
Ind Works	297	÷	13	Salimen	351	_	12
Folks	اسے	•					
Vereio-West	343	_	9	TOKYO (Yen)			
NEW YORK (\$			_	Rices	859		23
Rises	•			Niesthin Oil	1150	+	36
Carre	53	+	3%	Clema			50 50
Concimen intis	32%	+	4%	Showa Shell	1130	+	40
Mova.	34	+	2%	Taloyo Style	1880	+	40
Zlice	40%	+	3%	Felis			
Felle				Dailchi Pharm	1670	-	30
Long Stor	3394	_	2%	Kakayo	2600	-	40
Util Am Heelth	1134	_	254	HONG KONG	OHICS)		
LONDON (Per	100			Riser			
Rises				Dan Henn Bl.	29.10	+	1.30
Ball (Alt)	39	*	11	Kal Mino	9.45	+	0.35
Caird	256	+	27	Tal Ping	2.72	5	
Page (Michael)	263	+	20	in trad			6.275
Palls.							
Hodder Headdine	224	-	36	Falls			
Tepnal Life	73	-	.8	Chang Foods	1.37	_	0 07
Wace ·	_228	-	44	Parst Sion	1.53		0.10
TORONTO (C	17			Stroatuse Con	0.82		0.14
Rises			2.6	BANOXOK (B		_	W
Blochem Plant	60.0		1.5				
Dusa Pharm	17.5 14.0	•	1.5	Ricos	38.50		1.50
Spectrum Sig	14.11	*	1.2	Pacific Ins.			4.50
Falls	9.5		0.7	Thad Fin Tat	50.50		4.50 2.75
Cdn SaleMe	14.0		0.85	Thekon	35.50	+	2/2
Chuango Pete	10.25		1.00	Falls			
Guardian Cap	حكانا	-	1.00	Suragon Foods	48.25	-	5.25
PARS (FFr)				Thei Comm	38,00	-	3.50
Rices			9.7	That Factory	51.00	_	4.50
Labros "	330.7	+	4.1				

WestLB plans new products for Emu

German bank to expand in London after 59% rise

Westdeutsche Landesbank, Germany's biggest public sector bank, plans further growth in its London-based investment bank-ing activities and will spend up to DM200m (\$133m) in developing

new products in readiness for

European monetary union, Mr

Friedel Neuber, chairman, said

Despite uncertainties over whether Emu would start on time in 1999, he said: "We are assuming that that the timetable will be met." West Merchant Bank, the UK investment banking subsidiary now strengthened

stockbroker Panmure Gordon, aimed to offer new foreign cur-rency products to its clients. WestLB has about 750 people in its UK investment banking unit including 250 at Panmure Gordon - and planned further growth. Mr Hans Henning Offen, deputy

chairman said. Two years ago, it bad 350. West Merchant Bank was producing an "exceptionally pleasing" net return on capital of more than 30 per cent and expansion would be aimed at maintaining that level.

The hank also announced a

quarter operating profits to DM400m but Mr Neuber said this pace could not he maintained over the year in view of financial market volatility and loan risks. But he expected the full 1996 to match 1995, when operating prof-its rose 58 per cent to DML-11bn.

He was confident that current high capital spending - up 9 per cent last year to DM1.75bn, including growth in investment banking and Treasury operations - would benefit future profits. WestLB intended to build up its position in Europe, especially to take advantage of opportunities

Mr Neuber said the bank's strong market share in D-Mark products was no louger enough to remain competitive. "Our customers - corporate clients, as well as institutional investors increasingly demand foreign cur-

rency products." The Panmure Gordon acquisition had enhanced WestLB's position in noo-German equities and research, with business in swaps (helped by the acquisition of a team from Deutsche Bankt and

Mr Offen said the planned DM200m spending on new investment banking products would mainly cover technical and software systems to support foreign currency husiness. But further investment to prepare West Merchant Bank for Emu could total "several hundred million D-Marks". He said WestLB had so far spent nearly DM100m to expand West Merchant Bank.

WestLB also intended to build up its assets management activities. It has DM50hn of funds under management. Last year's purchase of Banque d'Orsay had improved its position in France and growth was also planned in London, Mr Neuber said.

AT&T and Unisource in Europe alliance

AT&T, the largest US long distance phone operator, and Unisource, a consortium of European operators, have agreed to merge most of their operations

The merger will create a new company, AT&T-Unisource Ser-vices, which will be owned 60 per cent hy Unisource and 40 per cent hy AT&T. It will have two divisions: communications services; and multimedia and soln-

The venture will have about 5,000 people in Europe and more than \$1bn in revenues. Unisource comprises KPN of the Netberlands, Swiss Telecom, Telia of Sweden and Telefónica of Spain. The two groups have also agreed to pursue joint research and development, common technology and services, joint hilling

and customer care.
A second company, AT&T-Unisource Investment, equally owned by the two groups, will be created to develop partnerships in Europe and make investments. As part of the agreement, Unisource has an option to take a minority equity stake in AT&T

All of AT&T's European interests with the exception of calling cards and bilateral agreements will be taken into the joint venture. The Unisource pariners' national operations will remain independent but international operations will become part of

the merged group.

The move, which bad been anticipated for some months, is seen as an attempt to give new focus to a group which is failing to achieve the market presence of Concert, the joint venture between British Telecommunications and MCI of the US, and Global One, the venture between Dentsche Telekom and France Télécom. All three groups are competing for the business of large international companies.

Mr Francisco Ros, president and chief executive of Unisource, said: "Joining our two companies in this way will make it easier to do business with our

Mr Philip Barton, telecoms manager for the pharmaceutical company Zeneca and chairman nf the association of leading telecoms users in Europe, welcomed the merger saying it would make it simpler for AT&T and Unisource to meet customers' requirements for diverse and sophisticated services.

HK Telecom up 14% and bullish on prospects

By John Ridding in Hong Kong

Hongkong Telecom yesterday announced an increase of more than 14 per cent in net profits to HK\$9,94hn (US\$1.3hn) for the year to the end of March, and gave an upbeat assessment of its prospects in the face of increasing competition.

At the announcement of the results. Dr Brian Smith, chairman of Cable and Wireless, dismissed speculation that the UK group was about to sell a stake in its lucrative Hong Kong subsidiary. "The issue has not arisen and certainly isn't in my immediate plans," he said.

Expectations of a restructuring of Hongkong Telecom's share structure have been fuelled by the collapse of merger talks last month between British Telecommunications and C&W, and by a reorganisation in Hong Kong's aviation sector. The reorganisation, which saw Chinese companies take big stakes in Hong Kong airlines, has left telecoms as one of the few strategic business sectors without a large Chi-

Mr Linus Cheung, Hongkong Telecom's chief executive, said the group's shareholding struc-ture was irrelevant to its strategy of developing a role as a regional telecoms hub and diversifying its business activities.

Describing the 1995-96 results as encouraging, Mr Cheung said the company had resisted the rise in competition in the Hong Kong market and described an "extremely promising" outlook. According to Mr Cheung, the operator's market share had been only slightly eroded by the arrival of three fixed-line competitors, which were granted licences last year.

Hongkong Telecom retains a monopoly on international direct dial calls until 2006. But revenues from international services, affected by the economic slowdown in China and Hong Kong, grew by a meagre 1.3 per cent to HK\$16.53hn. Part of the reason for the small increase, however, was an accounting change relating to the introduction of leased-

Mr Cheung said the group was seeking to reduce its dependence on international direct dial revenues and cited steady progress in this strategy. The operator's mobile telecoms division increased its customer base by 66 per cent to 270,000. This contributed to overall turnover of HK\$29.41bm, a rise of 9.3 per cent. Industry analysts said the results were in line with forecasts and argued that further profits growth could be achieved

measures Andrew Harrington, Mr regional telecoms analyst at Salo mon Brothers, said the company would easily achieve its threeyear target, announced last year, of reducing its workforce by 2,500

through continued efficiency

The rise in productivity restricted total operating costs to HK\$18.31hn during the year, a rise of 6.8 per cent. The resulting operating profit was HK\$11.09bn. Earnings per share increased 13.8 per cent to 88.8 cents, while a final dividend of 36.9 cents raised the total payout from 59.3 cents to 67.8 cents.

Allied Domecq slides 20%

Consumer Industries Editor

Sir Christopher Hogg, Allied Domecq's new chairman, ruled out yesterday any strong action in the medium term to revive the international spirits and retailing group as it reported a 20 per cent fall in interim pre-tax profits to £321m (\$485mL

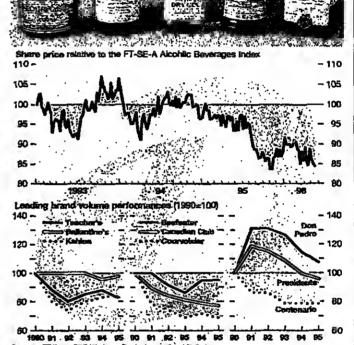
Demerger or other forms of "portfolio adjustment" were not his first priority, he told analysts. His emphasis instead was on helping existing management generate higher earnings. "This is a management that's as sure as hell doing a lot of work to improve its operating performance," he said later.

Allied's shares closed down 5p at 497p partly because some analysts were disappointed Sir Christopher unveiled no restructuring plans but mainly because Allied's spirits showed further deterioration. Analysts cut their year-end pre-tax profit forecasts by about \$20m to about £565m. They expect trading profits to fall about 8 per cent this year.

Sir Christopher took the Allied chair last month with a formidable reputation for turning around companies such as Courtaulds. But unveiling an instant plan for Allied yesterday would have been contrary to his style, one analyst

The City of London is expecting at best only a slow recovery in Allied's earnings. Trading profits from spirits fell 21 per cent to £258m in the six months ended February.

Some factors were one-offs such as the change in year-end, devaluation of the Mexico peso and stock reductions by US wholesalers and retailers. As a result, first-half shipments to US wholesalers were down 15 per cent. But the underlying fall in spirits profits was probably about £15m. one analyst estimated. almost double his forecast.



Mr Tony Hales, chief executive, said the group had increased marketing spend on spirits and wines by 5 per cent in the first half. It also planned to revive some brands with large increases in advertising. The budget for Becleater gin in the US, for exam-

ple, will rise 80 per cent this year. Trading profits from retailing -mainly UK pubs - were up £2m

at £108m. Profits at Carlsberg Tetley, its UK brewing joint ven-ture, rose £3m to £25m. Volume was down 3 per cent but its main brands were up 13 per cent. The group declared an interim divi-dend of 9.44p. The change in year-end meant there was no comparable dividend. Earnings per share fell 23 per cent to 19.2p. Lex, Page 14

Barry Riley

Tokyo and the art of hedge maintenance



Y7.000bn (\$66bn) in net purchases of Japanese equities during the fiscal year ended March, including Y1,100bn during the latter month. This has represented a massive commitment by global (especially US) investors to the Tokyo market's recovery

But has it heen worthwhile? True, after bottoming out at the end of last June the Tokyo market showed an impressive 42 per ceot recovery up to the recent late-April high. But that was in terms of yen, and you had to be very smart to huy the stock mar-ket at the midsummer low.

If you had bought exactly a year ago, the current profit on equities in local currency would have been 23 per cent but the loss on the yen to a dollar-based investor would have been 18 per cent. It has therefore been essen-tial to hedge the yen.

Curiously, the 10-year Japanese government hond yield is just about exactly where it was in May last year, at around 3.4 per cent - although it has been down to 2.8 per cent mean-Robert Fleming's Tokyo-based economist Richard Werner, who

a year ago correctly predicted the

Bank of Japan's liquidity boost which sent the yen tumbling, is now forecasting more of the As last year, he says, the key movements will come in the third quarter, with the yen buckling to 120 to the dollar and the Nikket advancing towards 25,000. Again, you do not need even a pocket

Recently, however, there have been fears about a recovery of the yen. Having hottomed at nearly 109 to the dollar in mid-April the yen has scared its bears (and further confused the Japanese institutions wondering nervously whether they should buy dollar bonds yielding 7 per cent)

by rallying to about 105.

But Mr Werner focuses on liquidity, which he says continues to be plentiful in Japan while being quite tight in the US.

Risk-seeking

foreigners have held the Japanese stock market together during a disturbed period

Therefore the dollar must rise against the yen. In Japan, not only is the BoJ printing money quite fast but the banks are at last recovering from shell-shock. and are starting to create net new credit again. Strong overall liquidity expansion will therefore puah Japanese GDP growth towards 4 per cent.

Will this scare the BoJ into an early rise in official short-term interest rates? Commercial bank base rates are already edging up slightly. But the BoJ will not move before September, Mr Werner thinks. The BoJ is satisfied that essential structural changes are taking place within the Japanese economy (which until a year ago it was not).

Prices remain higher inside

only the currency hedgers will Japan than outside, so inflation win. depreciation - at least, not for the foreseeable future. But a resumption of solid economic growth will be had news for bonds in due course.

There remain some problems with this analysis, however. The Japanese current account surplus may have been falling but it continues to be large (some \$90bn annually) and the Americans might not simply stand by and watch the yen fall well outside a trading range of, say, 105-110.

As for the stock market, risk seeking foreigners have held it together during a disturbed period but risk-averse domestic investors are now required to

take up the hurden.

They may be the pension funds now firing life offices and hiring more aggressive foreign managers, or perhaps the individual investors who have recently been showing just a flicker of interest.

But without vigorous domestic take-up the foreigners may lose patience. Thus the London-listed closed-end investment trusts specialising in Japan have slipped slightly from their recent premi-ums to asset value, and Gartmore's Select Japanese offering attracted a rather disappointing £20m (though the Atlantis Japan Growth Fund did well).

Meanwhile there is the threat of massive domestic supply from equity-hungry banks which are said to want \$30hn quite soon, and also from the Japanese gov-ernment which hopes to unload railway company stakes worth upwards of \$15bn.

The economy is on the move again, but Japan will take many years in clamber out of the financial hole it has dug for itself.

This announcement appears as a matter of record only



23.8 million ordinary shares have been converted into American Depositary Shares and privately sold to international institutional investors in the secondary market.

The transaction was initiated and managed by Alfred Berg.

Alfred Berg

March 1996

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FIRST TRUST OF NEW YORK as Successor Fiscal Agent Dated; April 29, 1986

Notice of Partial Redemption **ANSETT AIRCRAFT** FINANCE LTD USD 165,900,000 Floating Rate Notes due 2001

Notice is hereby given that pursuant to paragraph 6.(D) "Mandatory Redemption by the Issuer in Part by Certain Interest Payment Detes" of the Terms and Conditions of Notes, the follower Detections of Notes. the following Bonds in the principal amount of USD 10,410,000 have been drawn by lot and are due for redemption at 100% plus accrued interests at the offices of the principal

No. 1042 to No. 1132 included No. 4378 to No. 4567 included Interest will cause on the Bonds called for redemption on and after the Redemption Date.

The nominal amount remaining in circulation after 25th June, 1996 amounts to USD 112,150,000. BNP The Fiscal Agent Beneau Mattenate de Parts (Lucenshourg) S.A.

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Standard Chartered PLC

US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 2)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (184 days) from 15th May 1996 to 15th November 1996, the Notes will carry interest at the rate of 5.87 per cent

The interest payment date will be 15th November 1996. Payment, which will amount to US\$300.02 per US\$10,000 Note and US\$1,500.11 per US\$50,000 Note, will be made against surrender of Coupon No.22.

> West Merchant Bank Limited Agent Bank

COMPANIES AND FINANCE: EUROPE

MoDo damps pulp price hopes

By Hugh Carnegy in Stockholm

MoDo, the Swedish forestry products group, yesterday cast doubts on industry hopes that rebound from a recent collapse, as it reported a 28 per paying agent on the interest payment date 25th June, 1996:

Payment will be made upon presentation and sumendar of the Bonds, together with all appurtenant coupons maturing subsequent to the Redemption Date.

Tel: (01923 852288)

from SKr548m to SKr257m due to poor demand and falling Mr Bengt Pettersson, chief

executive, said he believed wood pulp prices were set to prices for pulp, the main rsw material for most paper prod-ucts, had reached bottom. The cent fall in first-quarter profits Pre-tax profits fell from SKrl.3bn in the first three benchmark long-fibre pulp produced from European and months of last year to SKr858m (\$126.5m) as lower demand and North American forests, for example, had crashed from \$1,000 a tonne last September price erosion hit performance. The result was better than to below \$500. At least two big producers have said they market expectations - but would have been SKr800m planned to raise prices to \$560

tonne from June 1.

But Mr Pettersson, whose company is a net seller of pulp. eaid pulp stocks in North America and Scandinavia. standing at more than 2m tonnes, remained "extremely divisions was the unit covering high". He said it would be diffi-

fine papers and pulp, which cult to push through price saw operating profits tumble increases. Echolog comments this week from one of the industry's leading consultants, the Finnish company Jaakko Pöyry, Mr Pettersson seid "Norscan" stocks had reached 2.5m

> March of around 400,000, he estimated But be added: "The Norscan stocks must come down to 1.5m tonnes before there can be stable price rises." MoDo's fine paper and pulp

> tonnes in February, taking

world stocks to 4m tonnes.

There had been a reduction in

division reported a fall in sales in the first quarter from SKr24bn last time to SKr1.9bn. Like pulp, fine papers suffered from lower sales and falling prices, although the price ero-sion was not as dramatic as for

shares to prepare a bid by the

consortium in a quandary. It has made the only official offer

and enjoys strong political

backing, but some of its mem-

bers lack the resources to

increase the bid. The group

The price rise bas put the

US group for the bank.

cent from SKr5.7bn to SKr5.2bn, and operating profits fell from SKrl.4bn to SKr990m. The company noted, nowever, that group sales were slightly higher in the first

quarter than in the fourth quarter of 1995, and profits were only 4 per cent below the level of the previous quarter. MoDo's printing papers division returned a stronger per-formance during the period than in the first quarter last

year, chiefly because of good

demand for newsprint and

uncoated magazine papers. Newsprint prices have risen strongly since e year ago, but MoDo warned of growing pressure on price levels. Division sales rose from SKr1.5bn to SKr1.7bn and operating profits jumped from SKr277m to

ditanstalt last year because of

political opposition in Austria,

was asked to put together a

Sch9bn underwriting consor-

tium and to lead a secondary

public offering for part of the

government's stake, the

If such e deal came through,

it would also boost the role of

First Austrian in the consor-

tium and give it a larger role

in Creditanstalt's future.

bise secruos

NEWS DIGEST

New products drive 44% surge at SAP

SAP, the fast-growing German software group, ye reported 1995 net profits of DM405m (\$264.1m), a 44 per cent increase over a year earlier, and said it was upbeat about the remainder of 1996. "SAP has the strength and the ability to maintain its absolute leadership in the market for appliedsoftware," said Mr Dietmar Hopp, chief executive. Last month the group reported a 62 per cent rise in first-quarter pre-tax profits, to DM117m.

Mr Hopp said the group once again expected to double its sales this year in Japan, one of its three core markets with Germany and the US, where turnover totalled DM118m last year. He said the strong sales growth in 1995 - up 47 per cent to DM2.69bn, according to figures released last month - had been driven by increased demand for the company's R/3 software, whose sales rose 69 per cent last year. R/3 combines series of specialist modules for various business areas. About 72 per cent of turnover in 1995 came from sales of new products, like R/3. while sales of consultancy and other services accounted for about 19 per cent of overall sales. SAP recorded sales of DM225m, 8 per cent of overall sales, from the provision of schooling services. The group was particularly successful in the US last year, doubling its sales to where they

Thomson tube arm in AEG buy

accounted for a third of the total. The percentage of business

done outside Germany rose to 70 per cent from 65 per cent a year earlier.

Michael Lindemann, Boni

Thomson Tubes Electroniques (TTE) is taking over the electronic tube business of AEG, the Daimler-Benz subsidiary. making it the world leader in the market with turnover of FFr1.75bn (\$337.4m) and 2,500 employees. In payment, AEG will take a 12.5 per cent stake in TTE, a subsidiary of Thomson-CSF which, like other parts of the Thomson group, is slated for privatisation this year. TTE bought the tube business of ABB and Siemens in 1993 and launched a joint

renture in China this year. The takeover is typical of Thomson'e strategy of making acquisitions to maintain turnover in declining markets. Mr Henri Magnan, the head of TTE, said yesterday the highly specialised electronic tube market was being eroded by falling defence orders and competition from solid state transistors. But TTE would maintain its strategy of developing new applications for plasma screens, medical radiology and telecommunications, he said.

The Matra defence division of Lagardère and the Alcatel telecommunications and engineering group are vying to buy Thomson. Mr Magnan expressed no preference between these potential buyers, but noted that defence now only provided 20 per cent of business for TTE, whose telecommunications activity had grown rapidly. David Buchan, Paris

Canal Plus subscriptions rise

Canal Plus, the French pay television group, yesterday announced first-quarter revenues ahead 7.9 per cent to FFr2.7bn following a big rise in subscriptions for its services. Subscriptions over the first three months last year rose 11.5 per cent to FFr2.2bn, with 3.5 per cent growth in advertising and sponsoring, to FFr117m. There was a 9.4 per cent fall in other revenues, including a drop in business from some of the group's production subsidiaries.

Canal Plus reported a 5.3 per cent rise in French domestic. subscribers to its basic encrypted television service, to 4.1m, during the first three months of the year, and a 4.4 per cent rise, to 246,000, among institutional subscribers. Ontside France, average subscriptions rose 26.2 per cent.

Creditanstalt urges group to lift bid said. The Swiss bank, which abandoned its own bid for Creshare, but a raily in Creditan- close to GE Capital bought

By Eric Frey in Vienna

Creditanstalt yesterday urged an international consortium to raise its bid for a majority stake in the Austrian stateowned bank, because of a

lower without foreign

exchange hedging, which shielded MoDo from the effects

of a big increase in the value of

the Swedish krona since last

Hardest hit of MoDo's main

sharp rise in its share price. Mr Walter Fremnth, chairman of the supervisory board, said he expected the consortium led by EA-Generali, the Austrian subsidiary of the Italian insurer, to resume negotiations with the government over its 70 per cent voting

offered Sch684 a common speculation that investors

By Andrew Jack in Paris

The French government

yesterday amounced PFr858m

(\$139m) in additional support

for Société Marseillaise de

Crédit, the state-owned

regional banking group

The recapitalisation, which comes on top of FFrl4bn pro-

vided by the state in the past

two years, is the latest in a

series of government-funded

The details were announced

as Marseillaiee de Crédit

earmarked for privatisation.

stalt stock since the beginning of the year has boosted the market price to yesterday's close of Sch747. The original bid valued the

70 per cent stake at Sch18.7bn (\$1.27bn), while the current market value is Sch15bn. J.P. Morgan, which organised a failed public tender for Creditanstalt last autumn, also added a control premium for an estimated price range of Sch17.6bn and Sch18.8bn, or Sch880 to Sch940 a share.

The recent rise in Creditan-Last year, the consortium stalt's stock price came amid

FFr857m - after provisions on

loans to small business and the

property sector - after losses

The state said the new money was needed to allow the

bank to reach internationally

agreed solvency limits, and

being put in place to prepare it

in ehareholders' funds, a pro-

gramme of asset sales in non-

core activities, and continued

efforts to cut operating costs

and reduce exposure to lending

was conditional on measures

It has called for a reduction

of FFr1.25hn in 1994.

for a rapid sale.

also includes First Austrian Bank, Commerzbank of Germany and several industrial companies.

First Austrian appeared to have held preliminary talks with Credit Suisse to overcome the impasse and strengthen the bid. Vienne banking sources

A sale of the state's shares is

being planned for this autumn

by the new head of the bank.

Mr Pierre Habib-Deloncle, who

took over after the abrupt

departure of Mr Jean Matouk

Marseillaise de Crédit

reported banking revenues

almost unchanged at FFrl.1bn

for the year at the consolidated

level, and operating losses of

FFr920.4m, compared with

losses of FFr1.2bn in 1994. Cli-

ent deposits were FFr17.6bn

The bank said that once pri-

vatised, and with adequate

and net loans FFr15,8bn.

late last year.

Separetely, Creditanstelt reported a 45 per cent jump in first-quarter operating profit from Schl.11bn to Schl.61bn. Further support for Marseillaise de Crédit

> shareholders' funds, it would fulfil its double role as a regional bank and a bank for

the Mediterranean. The government this months stressed it would support the FFr260bn in bonds issued by Crédit Foncier de France, a property lender which is quoted on the stock market and has top management appointed by the state.

The institution reported losses of FFr10.8bn after taking heavy provisions. It also announced it was

looking for a new financial partner.

unveiled losses for 1995 of risks. LEHMAN BROTHERS PORTUGAL GROWTH FUND LIMITED (a company incorporated with limited liability in and under the laws of Jersey with registered number 40503)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary General Meeting of Lehman Brothers Portug sai Growin Fund Lir will be held at Chase House, Grenville Street, St Helier, Jersey, Channel Islands on 6th June, 1996 at 10.00 am for the purpose of considering and, if thought fit, passing the following special resolutions: THAT

- 1. the Company be placed into summary liquidation forthwith.
- 2. subject to Resolution No. 1 above being passed:-
- (a) William J Perchard of Coopers & Lybrand of Twenty Two Colomberte, St Helier, Jersey, Channel Islands be appointed as the liquidator (the "Liquidator") of the Company;
- (b) the Liquidator be paid the sum of £6,000 upon appointment, and such further sums as are agreed by shareholders in general meeting, together with his reasonable out-of-pocket expenses and proper disbursements incurred by him in connection with the liquidation and the Liquidator be indemnified by the Company against all judgments, fines, amounts paid in settlement, and legal fees incurred by the Liquidator as a result of the liquidation of the Company unless it shall have been determined that such costs were the result of wilful default, bad faith or negligence on the part of the Liquidator or the reckless disregard of the Liquidator's duties;
- (c) the appointment of J. Henry Schroder & Co. Limited ("Schroders") as Special Realisation Agent of the Company pursuant to the Special Realisation Ageocy Agreement dated 14th May 1996 between the Company, Schroders, the Liquidator, The Chase Manhattan Bank, N.A. and Chase Bank & Trust Company (C.L.) Limited be and is bereby approved and ratified and the terms of the Special Realisation Agency Agreement be approved and ratified;
- (d) the Liquidator be authorised to ratify the appointment of Schroders as Special Realisation Agent to the Company, to adopt the terms of the Special Realisation Agency Agreement on behalf of the Company and to execute the Ratification Letter attached to the Special Realisation Agency Agreement effecting such ratification and to carry into effect the Special Realisation Agency Agreement on
- (e) the London Stock Exchange Limited be notified immediately of the foregoing special resolutions and that Collins Stewart & Co. be authorised to make such notification and to apply for the cancellation of the listing on the Official List of the London Stock Exchange Limited of the Company's participating redeemable preference shares (the "Shares") and the international depositary receipts relating to the Shares.

Registered Office: Chase House Grenville Street St Helier Jersey JE4 8TH

Channel Islands

By Order of the Board Chase Bank & Trust Company (Cf) Limited Secretary t4 May 1996

ordinating operation which is the property of any, under which they are regard or a noticeally offenfied capty of the power of authority shows wife Sarget, St Heber, Joney, Channel Islands, so as to arrive not later than 48 hours before the time appearated for the meeting to prove them one wate need not, if he votes, use all his votes cant or cast all the votes he uses at the same way.

Voting arrangements for IDR Holders

IDR Holders who wish to vote must follow the procedure explained hereunder.

IDR Holders must deliver the IDRs to the Depositury at the latest on 3rd June, 1996 at the address given below (attention Securities Denartment - telephone 322 508 8642 - telex 21752 MORBK B), instruct the Depositury as to the manner in which votes be cast, and indicate to whom the IDRs should be returned after the meeting.

Instruct Euroclear or CEDEL at the latest on 31st May 1996 to block the number of shares for which they want to vote and to vote on their behalf. IDR Holders who wish to vote are also requested to transfer to Morgan Guaranty Trust Company of New York, New York for account 670-01-422 of Morgan Guaranty Trust Company of New York, Brussels, a fee of US\$3 per IDR in respect of which a vote is cast.

Persons requiring further information on the above should contact; Ann Williams at Western Asset Global Management (Jersey) Limited, Chase House, Grenville Street, St Helier, Jersey, Channel Islands, Telephone 01534 875560.

Depositary Morgan Guaranty Trust Company of New York Avenue des Arts 35

B-1040 Brussels

Morgan Guaranty Trust Company of New York

PO Box 16t 60 Victoria Embankment London EC4 OJP

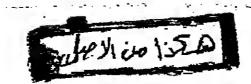
Stockerstrasse 38 Zurich 8023

Mainzer Landstrasse 46 D-6000 Frankfurt-am Main We are pleased to announce that J.P. Morgan has reached an agreement in principle with Computer Sciences Corporation (CSC), Andersen Consulting. AT&T Solutions, and Bell Atlantic Network Integration to form the Pinnacle Alliance - a strategic technology alliance created to supply key parts of Mnrgan's global technology. The alliance - the first of its kind - is designed to expand our access to world-class technological resources, make technology costs more variable, and

JPMorgan

leader in global finance.

build J.P. Morgan's competitive strength as a



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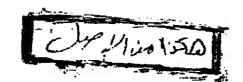
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COMPANIES AND FINANCE: EUROPE

' Model launch helps brighten BMW outlook

Controlly May

BMW, the German motor group, has been boosted by the introduction of a new 5-series model, after disappointing sales in the first three months of this year. The company said yesterday April sales had sbown marked improvement, underlining its optimistic forecasts for the rest of the 1996.

Mr Bernd Pischetsrieder. chief executive, told the annual meeting in Munich that the improved April figures were mainly due to the successful iotroduction of the new 5-series BMW. The changeover to the new model was blamed for slowing sales in the first three months.

Sales for the first four months rose 6 per ceot to DM16.3ho (\$10.6bn), from DM15.4bo during the same period a year earlier, Mr Pischetsrieder said the "excellent" flow of oew orders gave BMW every reason to be confident about the rest of the year.

BMW issued no figures for April, but Mr Klaus-Jürgen Meizner, analyst at Deutsche Bank in Frankfurt, estimated that the group had increased

This is much better than the 12.2 per cent increase in new car registrations in western Europe during April which the Association of European Car Manufacturers aonounced

yesterday. Mr Melzner said the introduction of the 5-series, and improved sales overall, would ensure that BMW profits this year would be much better than last year's DM692m

However, be said be was more "hesilan1" ahout the prospects for 1997, given BMW's plans to introduce a oew 3-series model. Since the 3-series makes up 70 per cent of BMW sales, and sales always slow ahead of model changes, 1997 results were difficult to predict. Mr Melzner said,

Overall, the BMW group, including Rover in the UK, increased deliveries 4 per ceot in the first four months of this year from 349,816 to 363,000. BMW deliveries remained

unchanged compared with 1995, while Rover deliveries rose 9 per ceot to 162,000 cars, from 148,925. Deliveries of BMW motorcycles fell 2 per cent from 19,500 to 19,046.

Chargeurs unveils details of demerger

Chargeurs, the French communications and textiles group, said yesterday its pro-posed demerger into two sepa-rate quoted businesses would be effective from June 24. Pathé will take on its com-munications and media inter-

ests, including a 17 per cent stake in BSkyB and a 20 per cent stake in the Canalsatellite broadcasting network. It will receive net assets to the value of FFr3.9bn (\$751.9m), aftar total debts of FFr1.5hn. li made pro forma losses for 1995 of FF1509m.

Chargenrs International,

which controls the textiles and surface coatings businesses. will take in net assets from the Chargeurs group of FFr3.3ho, including debts of FFr397m, It suffered pro forma losses for 1995 of FFr65m.

Those assets or liabilities oot clearly identified with one or the other of the two groups will be spllt, 54 per cent to Pathe and 46 per cent to Chargeurs International. Under the deal's terms. announced earlier this year, existing investors will receive

one Pathe share and one Chargeurs International share for each existing Chargeurs share. Mr Jerôme Sevdoux, chairChargeurs demerger

 ■ Chargeurs International ftr Pro torma accounts FFr in 1994 1995 8,613 Total assets 10.504 10.067 Net profit (loss) 277 E Pathé (communic Total assets 7.171

man, told a meeting of analysts yesterday that Chargeurs was a "straoge aoimal", split between its textiles and media interests. This partly explained why its shares traded at a dis-

He saw no reason why

although he said Chargeurs' remaining stake in Daoooe. was likely to be disposed of. Chargeurs has announced it wants to sell its Walon car distribution business. Uoder the agreement

reached with French tax authorities which allowed the demerger to take place, Mr Seydoux must retain his shareholding in the two groups for the next five years. Mr Seydoux said he expected He said levels of debt within Pathe would be substantially

Liberation, the left-wing daily newspaper in which his group oow owns a 65 per cent interest, to return to break-even

May 1995 Source: FT Extel

ful for Pathé to keep "a foothold" in the print media. However, if it did oot meet financial targets, "measures"

Ahold lifts first-quarter sales

By David Brown in Amsterdam

Ahold, the Dutch-based food retaller that operates in the Netherlands and the US, yesterday revealed a 10.9 per cent rise in first-quarter sales to Fl 9.5hn (\$5.6bn). It said net profits had also advanced.

Ahold said operating results had climbed in all European and US operations, but declined to give details. Sales in the US advanced 15.8 per cent to \$2.8bn, while Dutch turnover was up 3 per cent to Fl 4.4hn.

Mr Cees van der Hoeven, Ahold president, yesterday also outlined plans for expansion in east Asia, and said new pilot shops would be opened io Indonesia later this year and in Shanghai by early 1997. He said Ahold was in talks on the launch of supermarket operations in Thailand, Malaysia, and Singapore, with possihle local partners.

Figures for Stop & Shop acquisition in the US were not included in these figures. However, the deal, and an associated share issue.

should be finalised in 1996 Ahold said. The tender offer bas been extended by two weeks to May 31 to allow the US Federal Trade Commission to complete a review of the deal. Ahold said the FTC had requested further information.

Earlier, Ahold reported progress on resolving disagree meots with the International Brotherhood of Teamsters, the US unioo that has publicly criticised the company's plans to introduce a oew distribution system at the possible cost of

Agnellis agree Fiat stake buy

shares of the new Pathe group

should be discounted. "We are now purely a communications

reduced by the eod of this

If and Ifil, the two quoted bolding compaoles of the Agnelli family, have formally agreed to huy Alcalel Alsthom's 2 per ceot stake in Fiat, the automotive and industrial group, for about L350bn

Alcatel, the French telecommunications and engineering group, indicated last year it was ready to sell the Fiat stake as part of a radical restructuring initiated by Mr Serge Tchuruk, the group's chairman. The

Agnelli family, which founded Fial and still controls the company through Ifi and Ifil. was always the most likely huyer. The three companies said yesterday they had agreed a price of L5,300 a share, the

average share price during April and a slight premium to yesterday's close of L5,244. Alcatel raised its Fiat stake to 2 per cent in 1993 when it bought 18m Fiat shares at L7,000 each as part of the L5,000hn cash raising package

which helped Fiat pull out of

Ifi and Ifil will each acquire 1 per cent of Fiat, leaving Ifi with a 19 per cent stake in the carmaker, and Ifil with a 13.8 per cent stake. Ifi owns just over 50 per cent of Ifil.

Mr Giovanni Agnelli, honor-ary president of Fiat and chairman of Ifi, said the transaction was an indication of Ifi and Ifil's confidence in Fiat's future, Last mooth, Fial announced a fall in pre-tax profits for the first three months of this year and said operating margins were down on the same period of of 1995.

Vattenfall and Statoil pounce on spun-off Hafslund

By Hugh Carnegy in Stockholm

DIDLEMS

Two of Scandinavia's higgest energy concerns - Norway's Statoil and Sweden's Vattenfall - pounced on the Norwegian hydro-power producer Hafshund on its first day as a standalone company yesterday, each huying a strategic stake.

The purchases were the latest moves in a rapid series of restructurings under way in the Nordic energy sector, following the deregulation of the Norwegian, Swedish and Finnish energy markets.

Statoil, the state-owned oil company, anapped up a 12.3 per cent stake and Vattenfall, the region's biggest electricity producer, bought a 10.1 per cent shareholding on the day Hafslund was listed on the Oslo hourse following the

demerger of Hafslund Nyco med. Hafslund and Nycomed. the latter a pbarmaceuticals group, were spun off to the old company's shareholders.

At yesterday's share price of NKr50, the Statoil purchase of 11.5m shares was worth NKr575m (\$87.3m). It had previously held a 1.1 per cent stake in Hafslund Nycomed.

Vattenfall declined to say how much it had paid for its shareholding, but said it was beneath the opening day mar-Statoil said its stake in Hafs-

lund, which produces 2.3 per cent of Norway's electricity consumption, was in line with its commitment to energy production and distribution.

Vattenfall, also state-owned said it saw opportunities for joint projects and co-operation with Hafslund.

INVESTOR AB

INVESTOR INTERNATIONAL PLACEMENTS LIMITED

NOTICE TO HOLDERS OF ECU 200,000,000 7%% SECURED EXCHANGEABLE BONDS DUE 2001 ISSUED BY INVESTOR INTERNATIONAL PLACEMENTS LIMITED (THE "ECU BONDS") AND TO HOLDERS OF 8% CONVERTIBLE SUBORDINATED DEBENTURES")

On 14th May, 1996, the Annual General Meeting (the "AGM") of Investor AB ("Investor") resolved, inter alia, as follows:—

(i) to pay, in addition to an ordinary dividend of SEK 9 per Investor shore, a special cash dividend of SEK 20 and to distribute one warrant per Investor share, five such warrants (the "Warrants") entitling the warrantholder to acquire one Series B-Share in Seania AB for SEK 180 during a three year period (all such dividends with a record date of 3rd June, 1996);

(ii) to make certain amendments to the terms and conditions of the SEK Debentures to enable the conversion price to be recalculated lowing the resolutions referred to above; and

(iii) to make further amendments to the terms and conditions of the SEK. Debentures such that the period during which the shares issued upon conversion of the SEK Debentures are entitled to the dividends referred to above be extended to 24th May, 1996.

The chove amendments to the terms and conditions of the SEK Debentures will also indirectly apply to the ECU Bonds. Holders of SEK Debentures are informed thet if they wish to participate as shareholders in the ordinary dividend, special cash dividend and distribution of Warrants referred to above (the "Distributions"), they must file a request for conversion of their SEK Debentures with Skandinaviska Enskilds Banken at the address specified below no later than 24th May, 1996. Holders of ECU Bonds are informed that if they wish to participate as shareholders in the Distributions, they must file a notice of exchange of their ECU Bonds in secondance with the terms and conditions of the ECU Bonds with one of the Daving and Evaluate American the address of the ECU Bonds with one of the Paying and Exchange Agents at the addresses specified below no later that noon (local time) on 23rd May, 1996.

The new conversion price and the new exchange price which are to apply to SEK Debentures and ECU Bonds, respectively, converted or exchanged (as the case may be) after the above deadlines, will inter alia be based upon trading prices of investor shares and the Warrants during a period following the ACM and will be determined in mid-July 1996. Such recalculated conversion price will be announced shortly after such determ

conversion price will be announced shortly after such determination.

Copies of the notice convening the AGM, the amendments to the terms and conditions of the SEK Debentures and the Information Memorandum concerning the Warrants will be available for inspection at the offices of the Paying and Exchange Agents and Skandinaviska Enakilda Banken specified below. Holders of the SEK Debentures should address any other queries to Skandinaviska Enakilda Banken and bolders of the ECU Bonds should oddress any other queries to the Paying and Exchange Agents. Dated 15th May, 1996

Investor AB

G

navaka Enskilda Banken Pakika Emissione S-10640 Stockhoh

PAYING AND EXCHANGE AGENTS FOR THE BONDS

Avenue des Arts 35

of New York 60 Victoria Embank London EC4 0JP 14 Rue Aldringen L-2951 Luxembour

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICTOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986. PERFORMANCE IS THE BEST PROOF OF CREATIVITY

Bankers Trust has earned a reputation for being the most innovative of the truly global financial services firms. And while this appreciation of our firm's creativity and resourcefulness is something we value highly, we believe that performanceperformance in terms of adding value in collaboration with our clients-is the real measure of creativity. In publications like this one, we'll discuss the collaborative processes by which our firm builds value through a variety of financial services innovations. Because financial performance is one of the more quantifiable things in this world, we'll use as examples specific accomplishments we've made with our clients across different service areas and through our different offices around the world. In these discussions, we hope to give more people the sort of understanding of the firm that our clients have. Your reactions and opinions are welcome.

> **≜** Bankers Trust Architects of Value

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COMPANIES AND FINANCE: ASIA-PACIFIC

Fairfax tumbles 26% at nine months

John Fairfax, the Australian newspaper publisher which has been the focus of tong-running bid speculation, yesterday announced a 26.3 per cent fall in after-tax profits for the nine months to end-March, at A\$79.8m (US\$63.9m). In tha same period of 1994-95, it made A\$108.3m. The group also warned of a drop of 20 to 25 per cent in full-year earnings.

At the interim stage, Fairfax had posted an after tax profit of A\$62.4m, down from A\$81.3m a year earlier. This suggests that profits in the third quarter alone fell by around 35 per cent.

The company said that revenue for the nine months was up by 7.2 per cent, to A\$750m, a gain attributed to increased

Shareholders in Common-wealth Bank, the Australian

commercial bank, yesterday

approved plans for a A\$1bn

(US\$800m) bny-back of about

one-tenth of the group's equity.

The buy-back will be under-

taken in conjunction with the

sale of the federal govern-

ment's remaining 50.4 per cent stake in the institution, proba-bly in the coming months. If

the stake were sold in one

tranche, this privatisation -

estimated to raise over A\$4bn for government coffers - would

Salomon Brothers Inc

Maurice Marchesini

on Brothers Inc

new operations, notably the recantly-acquired Australian

The nine-month profits downturn was also exaggerated by higher interest charges of A\$29.3m, against A\$27m, and increased depreclation and amortisation costs of A\$29.5m. up from A\$20.3m. Earnings before depreciation,

interest and tax were down by just over 10 per cent compared with the first three-quarters of 1994-95, at A\$187.8m.

But Fairfax admitted that the third quarter's trading saw a deterioration from the already-evident weakness of the first six months. "The softness in the economy was further compounded by the impending announcement of a federal election ... as a consequence, most of the company's major publications recorded lower advertising

taken in Australia. But while the buy-back

acheme won overwhelming

backing at an extraordinary

meeting in Sydney, numerous amall shareholders raised

One investor suggested that if the bank was "awash with capital", it would be better to give sharebolders a special dividend. Another questioned whether it would be preferable to conduct the bark bank after

to conduct the buy-back after

the government had sold its

shares - thus providing sup-port in the market - rather

doubts about the plan.

volumes compared with the corresponding period last year", it said. Classified advertising vol-

umes fell 2 per cent, while display advertising volumes were flat in the Sydney Morning Herald, down 9 per cent in the Melbourne Age, but up 2 per cent in the Australian Finan-

Operating costs in the first nine months were also up by almost 15 per cent, as newsprint expenses rose. Fairfax said that average newsprint prices were 26 per cent higher than in the prior year, adding A\$22m to its costs. If this fac-tor was excluded, operating costs were up by a more modest 6 per cent.

The group also offered little encouragement on prospects for the rest of the year, saying that it expected "trading condi-tions experienced in the March

commonwealth Bank buy-back approved

than in conjunction with the sale. A third wanted to know

why shareholders should have

to decide on the buy-back

before knowing the terms of

the government's sale.
In reply, Mr Tim Besley,
CBA chairman, offered little

new information, simply say-ing that all options had been considered and - backed by an

independent expert'a report -

directors believed the buy-back

proposed was the best solution

expected the government to reveal details of the share sale

Bnt he did confirm that he

for shareholders overall.

quarter will prevail over the balance of fiscal 1996, and that the widely-anticipated postelection improvement will not be forthcoming in the short

Earnings for the full year could be 20 to 25 per cent below the previous year, it added, although longer-term term prospects remained good. Fairfax made A\$147.3m after tax and abnormals in the year to end-June 1995.

Fairfax currently has three media proprietors on its share register - Mr Conrad Black with a 25 per cent holding, Australia's Kerry Packer with just over 17 per cent, and Mr Rupert Murdoch with under 5 per cent - making it the subject of takeover

However, both Mr Black and Mr Packer are prevented from increasing their bolding by

before the end of July. Mr David Murray, managing direc-tor, also said that profit perfor-

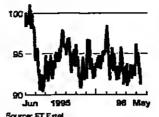
at the half-year that our profit

for the second half was likely

to at least match the profit of the first half and we have no

reason to vary that statement,"

Share price relative to the All Ordinaries index



current rules on Australian media ownership. The new federal government has said it will review these rules, but bas yet to launch the

inquiry, and the earliest this could report is thought to be late-1996.

before abnormals in the half-year to end March. The bank

made A\$75.6m, while "underly-

ing profit" - exctuding had and doubtful debts, goodwill amor-

tisation, as well as tax and

aboormal - rose 19.7 per cent

St George warned that Australia's financial services mar-

ket generally remained com-petitive, with the housing loan

to A\$141.8m.

for 12% fall at Aiwa By Emiko Terazono in Tokyo

Strong yen

shares blame

Alwa, the Japanese andio manufacturer which is a subsidiary of Sony, the consumer electronics group, blamed the strong yen and tongb price competition for a 12 per cent decline in recurring profits before tax and extraordinary ttems - in the 12 months to end-March.

Although consolidated sales rose 13.6 per cent to Y296.7bn, largely because of brisk sales of radio-cassette players and televisions, Aiwa said recurring profits reached only V11.6bn (\$110m).

Operating profits fell 10.6 per cent to Y14.2bn and aftertax profits, affected by a redemption of bonds, declined 13.8 per cent to Y5.8bn.

Over the past few years, the company has succeeded in low-ering production costs by shifting manufacturing lines overseas.

However, although Aiwa's overseas production accounted for 87.7 per cent of its total last year, the low cost benefits were wiped ont by increased competition and the resulting discounts of its products.

Domestic sales rose 6.4 per cent to Y62.4bn and overseas sales by 15.7 per cent to Y234.3bn, accounting for 79

The company forecasts consolidated recurring profits of

Shares in St George Bank, the Sydney-based regional bank which is in the process of segment being particularly aggressive. But it said it was acquiring Queensland's Metstanding by earlier forecasts per cent of overall sales. way Bank, jumped 10 cents to A\$7.70 yesterday after it announced a 12.5 per cent that full-year results would "comfortably exceed" the increase in profits after tax but

Westpac advances 17.7%

By Nikki Tait

Westpac yesterday opened the Australian banks' interim results season, reporting a 17.7 per cent increase in profits after tax in the six months to the end of March. The bank mada A\$565m (US\$452m), compared with

A\$480m a year earlier. Earnings per share were 29.2 cents, an increase of 15.9 per cent on the same period a year

ago, while the interim dividend rose from 13 cents a share to 16 cents a share.

The profits result came after a A\$70m provision for bad and doubtful debts, compared with a A\$220m charge last time. Net interest income increased 6.4 per cent. to A\$1.55bn, while non-interest income rose 2.4 per cent, to A\$714m.

Challenge Bank, the Perthbased bank which was acquired for A\$689m in December, contributed A\$8m to aftertax profits.

On a divisional basis, Westpac said operating profit from its main retail banking arm was down from A\$338m a year ago to A\$297m.

However, this was more than offset by strong profit growth in the institutional banking unit, and also by improvements in the commercial banking, property finance and New

Republic of Venezuela Fondo de Garantía de Depósitos y Protección Bancaria (FOGADE) announces the public auction of 99.98% of the Shares of Banco de Venezuela S.A.C.A. A Venezuelan bank with assets totalling Bs. 381.9 billion (US\$1.1 billion) and shareholders' equity of Bs. 24.1 billion (US\$71.6 million) as of December 31, 1995. The Shares offered for sale are the property of FOGADE and will only be sold in their entirety to an eligible buyer meeting the requirements of FOGADE and the superintendency of banks in Venezuela. An official announcement outlining the requirements and procedures to participate in the auction will be published in Venezuela's leading newspapers on May 22, 1996. Interested parties may obtain a copy of the announcement by calling the undersigned after that date. The undersigned have been retained by FOGADE to act as advisors in the auction of the shares.

PETRÓLEO BRASILEIRO S.A. PETROBRAS U.S. \$250,000,000 **Commercial Paper Program** Petróleo Brasileiro S.A. — Petrobras rica NTASA Co-Load Mana Cisbert, N.A. ING Bank BARCLAYS BANK FLC BARCLAYS Bank of America

Market seeks reassurance about solidity of revival

Restructuring at Westpac seems to be making little difference to

underlying figures, writes Nikki Tait B ob Joss, the former Wells Fargo banker who was brought in as chief

executive to sort out Westpac early in 1993, bad a rather wary reception when he arrived in Australia. Three years on, it seems little has changed. Westpac is the country's old-

est commercial bank, but it is also the one left in worst shape by plunging property prices and recession in the early 1990s. Against this back-ground, then, yesterday's interim figures should have

been warmly endorsed.

Mr Joss says the group will be trying at least to match its A\$565m after-tax profit in the second six months. If a fullyear result of A\$1.1bn to A\$1.2bn were achieved, it would be a far cry from the A\$1.56bn loss recorded in 1991-92.

However, although Westnac shares closed up 11 cents at A\$6.02 the problem for some analysts yesterday was that the "underlying" result - prof-its once provisions for bad and doubtful debts are added back - was essentially flat between the first six months of 1994-95 and of the latest half-year.

Mr Joss's answer is that "It's a tough environment and certainly you see some margin compression, and also a slowdown in revenue growth". But be maintains that the figures can be characterised "as good steady progress".

"You have to look at some point at what is a kind of normalised bad debt performance - and also at how you're doing in the overall balance of things, between revenue and

expenses," he says.
This, however, leads on to a second, more specific worry -namely, that a significant overhaul of the bank's branch network and a big internal restructuring does not seem to be generating much improve-ment in Westpac's cost and productivity ratios.

The operating expenses to income ratio was 61.7 per ceot for the latest half-year. This compared with 59.3 per cent in the same period a year ago, although it was down on the **Westpac Banking Corp EARNINGS PER SHARE** Historic P/E A\$ 6.02 1991 92 93 94 95 NET PROFIT (ASbn)



62.1 per cent seen in the second half of 1994-95.

Bank and most recently, Trust Bank of New Zealand.

"[The cost-to-income ratio] is not where we'd like it to be be, nor where we would intend to take it. It's flattened out somewhat over the last 12 months.

Earnings per share Current share price SHARE PRICE relative to the All Ordinaries index into the Westpac network.



Bob Joss: figures can be seen as 'good steady progress'

Again, the bank has explana-

tions. "We've got an awful lot on our plate," says Mr Joss, pointing to the recent acquisttions of Perth-based Challenge

(Butl we've an awful lot of things under way which we believe will bring down the cost picture."

In particular, he argues that the timing of the Challenge deal was less than favourable: "We'd rather have bought Challenge part Challenge next year than last

year." The Perth-based organisation bas yet to be integrated In the final analysis, perhaps the market's most fundamental concern is that things will simply get tougher from here on. Competition in Australia's bome loan market, as new competitors muscle in on the

banks' territory, has been rife. Economic growth is slowing. and prospects for revenue growth are anything but buoyant. "It's the time in the cycle when revenue growth does slow down - the economy is growing more stowty and credit growth should slow up, just naturally," admits Mr Joss. He also concedes that financial risk appears to be increasing generally, with debt levels rising Admittedly, few analysts

emed anxious to taka issue with Westpac's recent strategy of consolidating its position in core Australasian markets, rather than pursuing a more aggressive global stance. The point is made that results from National Anstralia Bank – Australia's biggest – which has been building up assets in the UK and the US, could be dented by currency movements this time round.

Nevertheless, the big issue is

what happens next at Westpac.
"The question is, where does it go from here," commented one Melbourne-based observer yesterday. "Are we getting towards the top of the mountain, or are we only halfway

JAPANESE CORPORATE DIGEST

Daiwa House up 2% but upbeat on 1996

Daiwa House Industry, Japan's second largest house builder, yesterday reported a slower than expected profits recovery last year but forecast a stronger upturn in the current 12 months, helped by increased demand from a reviving domestic economy. Daiwa House, traditionally the first construction group to divulge its results in the annual reporting season, said unconsolidated recurring profits – before tax and extraordinary items – rose only 2 per cent to Y70.04bn (\$667m) in the year to March, on sales up 8.4 per cent to Y1,049.7bn. Profits came in slightly below market expectations, but nevertheless marked a significant improvement on the previous year's 8.6 per cent decline.

Leading the sales increase was a rise in demand for prefabricated steel-frame bomes, Daiwa House's core business with 60 per cent of sales. Orders overall rose 11.6 per cent, but with 60 per cent of sales. Uruets over an above the bottom line amuch of that improvement failed to reach the bottom line amuch because of intensa price competition in the general construction market, from which Daiwa House derived a quarter of sales, said Mr Takashi Hashimoto, equity analyst at

Salomon Brothers in Tokyo. In addition, Daiwa House took on increased administration and marketing expenses to cope with the sharp rise in bousing demand after the Kobe earthquake in January 1995. The full revenues from Kobe reconstruction would not show through until later this year, said Mr Hashimoto. Daiwa House says demand is now increasing for warehouses, where the cost of sales is lower than in family bomes. For that reason, it forecasts a 9.9 per cent rise to Y77bn in recurring profit for the year to next March, on a rise m turnover up 9.6 per cent to Y1.150bn. After extraordinary items, earnings fell last year from Y78.73 per share to Y75.02, from which Daiwa House will pay an unchanged annual dividend of Y17.

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Nippondenso cost cuts 'pay off'

Nippondenso, the vehicle components maker, reported firm results yesterday amid the continuing difficult environment in the Japanese vehicle industry. The company, which is 22.9 per cent owned by Toyota, Japan's largest carmaker, posted recurring parent profits – before extraordinary items and tax – of Y69.7bn (\$664m) on sales of Y1,230bn. There is no direct comparison with previous results because the company has changed its financial year,

Nippondenso said the market continued sluggish owing tothe fall in vehicle production in Japan, which was the main_... factor behind the weak sales it reported. However, the company benefited from cost-cutting measures which trimmed Y19bn off its cost base and lower depreciation costs as well as.

an increase in non-operating income.

The company was also belped by strong sales of particular models to which it supplied parts, such as Honda's Odyssey, The company does not expect demand for vehicle parts to increase substantially in the current year. As Japanese carmakers shift production overseas, vehicle production in ... Japan would be flat at best, the company said.

Against that environment, Nippondenso hopes to maintain sales at Y1,230hn this year by lifting sales of new products such as cellular phones and personal handyphone systems. which made a contribution to sales last year of Y23bn. The company expects cellular phones and PHS sales to reach Y40bn this year. In addition, cost cutting gains of Y17bn and a currency gain of Y10bn are expected to help Nippondenso post higher nonconsolidated recurring profits of Y75bn this year. Michigo Nakamoto, Tokyo

Itochu arm in reinsurance move

A subsidiary of Itochu Corp, the Japanese trading company, has been given a licence to act as a reinsurance broker for Lloyd's of London, Rochu said yesterday. Cosmos Jardine, a joint venture between Rochu and the Jardine Mafheson owned JIB group, in which Rochu holds a 55 per cent stake, is the first Japanese-controlled company to receive such a licence.

The deal will enable the trading house to help Japanese and other casualty insurance companies buy Lloyd's reinsurance policies. Lloyd's accounts for about 20 per cent of the Japanese reinsurance market, but the deal is likely to encourage more.

Japanese and other companies to use the London market. With the licence Cosmos Jardine can now negotiate with underwriting syndicates organised by Lloyd's by representing Japanese insurance companies and other would be policy buyers. Last month, the Japanese government relaxed several important restrictions, allowing Japanese companies to become reinsurance brokers.

Gerard Baker, Tokyo

NEWS DIGEST

Cost cuts and user growth boost PLDT

The Philippine Long Distance Telephone company (PLDT), the country's largest telecoms operator, boosted net profits by 18 per cent to 1.3bn pesos (\$49.7m) in the first three months of 1996 as a result of rapid expansion of its customer base and reduced operating costs. The company, which had saw its shares rise 10 per cent in the past week before dropping 15 pesos on profit-taking yesterday to close at 1.510 pesos, said growth in its aggressive Zero Backlog expansion programme was behind the results.

The company, which two years after liberalisation still has more than 80 per cent of the national telecoms market, said-the replacement of franchise taxes with value added taxes -which could be passed directly to the customer - in January had reduced costs 1 per cent to 4.2bn pesos. A redundancy programme, which cut the workforce by more than 4 per cent last year, had also kept down expenses.

"These results are much better than most people expected."

said Mr Raify Manalaysay, head of research at Crosby Securities in Manila. "tt would be reasonable to assume annual profits growth of around 25 per cent on the basis of these figures." Combined local and national long distance network revenues, which make up 40 per cent of total revenues, rose 17 per cent while revenues from international calls increased 4.4 per cent. Total revenues rose 9 per cent to 6.5bn pesos. Analysts say that with a price-earnings ratio of 18 – roughly in line with the market – PLDT remains a relatively

With a debt/equity ratio of about 50 per cent - though this is expected to rise after PLDT issues a US\$250m global bond later this year - analysts say the company is keeping a tight lid on its central expenditure costs. Apart from Zero Backlog, PLDT its central expenditure costs. Apart from Zero Backlog, PLDT is switching the national system to fibre optic and replacing analogue lines with digital technology. The national market is expected to quadruple by 2000. Edward Luce, Manila

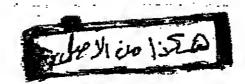
Thai broker doubles in quarter

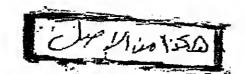
General Finance & Securities, a leading That brokerage company which heads a group applying for a new commercial banking licence, reported yesterday that net profit in the first quarter of 1996 was Bt310m (\$8.3m) 99 per cent higher than a year ago. Earnings per share fell 35 per cent to Bt1.52 per share owing to an increase in the oumber of shares from 45m to 138.5m last year. Revenue was up 61 per cent to Bt1.97bn, while assets grew 44 per cent to Bt3.5bn.

The company attributed its strong profit growth to the performance of its investment banking division. This helped offset a decline in securities trading volume, which has caused profit declines at other brokerage houses. Earnings from securities operations were Bt378m, np 50 per cent from last year. The finance side of the company a business also showed

year. The finance side of the company a business also showed strong growth – despite heavy exposure to the interest rate sensitive property and hire-purchase sectors – with revenue increasing 65 per cent to Bts62m.

Ted Bardacke, Bargkok





COMPANIES AND FINANCE: THE AMERICAS

MedPartners to acquire Caremark in \$2.5bn deal

MedPartners/Mullikin, tha largest publicly-traded physician-management company in the US, is to buy Caremark international, a leading healthcare company, for about \$2.5bn in stock.

The deal is the latest in the consolidation that is sweeping the US healthcare sector, and the biggest in the rapidly growing area of physician practice management, which offers back-office services to small

coups of doctors.

Caremark has physician-doctors are allied with public-

urane

PLI The second of the second o

large cities around the US, including Chicago, Oklahoma City and Houston. It also has businesses that manage phar-macentical and home health-

After tha merger, MedPartners would have 7.250 affiliated doctors, or about two-thirds of the total number of doctors allied with publicly-traded physician-management groups. The combined company would have annualised first-quarter revenue of about \$4.4bn.

ment companies, but that is expected to expand quickly as the growth of managed health-care forces small groups of doc-tors to find less expensive ways of managing their businesses. Sucb companies provide administrative help, information systems, access to capital and assistance with negotiating contracts with insurers and managed care

a portion of the doctors' fees. Revenues at the 27 publicly-

traded physician-management

companies were about \$6bn

Douglas Sherlock of Sherlock Company, a boutique invest-meut bank specialising in healthcare. He said he expec-ted the area to grow as much as 25 per cent a year for the next five years as doctors focus on lowering costs and bargain-tog effectively with HMOs, which are rapidly becoming the primary payers of health-care costs in the US. organisations, in exchange for

"The emphasis on improving quality and cost cootrols requires an infrastructure that is more than a single doctor can possibly manage," he said.

MedPartners/Mullikin has been acquiring smaller group practices rapidly since it was spun off from Healthsouth the HMO, in 1992 In the past six months MedPartners has acquired two of its biggest competitors - ooe public and one privately held - for about

Mr Larry House, chairman and chief executive of MedPartners, said he intended to contioue aggressively huying group practices to maintaio the 30 per cent growth in revenues and affiliated doctors

ners' reach both geographically and in terms of the types of services it would be able offer the insurers and HMOs that make up its client

Wall Street reaction to the announcement was muted. In early trading, MedPartners fell \$% at \$25%, while Caremark shares - which were valued at about \$30% by the deal - rose

The transaction is expected to be completed by August pending approval by share-

Tiger Management buys USAir stake

Tiger Management, a New York based investment group led by Mr Julian Robertson, a noted US bedge fund manager, has acquired oearly 11 per cent of the ordinary shares in USAir, the US carrier in which British Airways holds a minority stake. The bolding was revealed in a filing to the Securities and Exchange Commission.

Tiger declined to comment on the reasons for its investment yesterday, and USAir said it did not comment on decisions taken by individual investors. But the stake-building comes just two weeks after Mr George Soros, one of the world'a most influential investors, emerged as holder of a 5 per cent stake in USAir's publicly-traded series B preferred stock, which is vertible to common stock at the holder's option

The moves indicate that the two see potential in USAir's stock. But a conflicting signal has come from Mr Warren Buffett, another influential investor, who last week moved to unwind his position in USAir by asking the airline to buy back his tranche of series A preferred stock. USAir's shares were off S" at \$17% in early trading Richard Tomkins, New York

Second-term record for Deere

Deere, the Illinois-based agricultural and lawncare equipment maker, reported record earnings for the second quarter, led by a surge in exports and overseas sales. Net income for tha quarter rose to \$272.7m, or \$1.02 a share, from \$237m, or 92 cents, in the same quarter of 1995. Sales for the period rose 10 per cent to \$3.088hn, from \$2.81hn a year ago. For the six months ended April 30, net income rose to \$438.9m, or \$1.67 a share, from \$375.5m, or \$1.45, for the first half of 1995. Six-month worldwide sales rose 10 per cent to \$5.40bn, from \$4.89bn a year ago.

The company said export sales from the US continued to strengthen, rising to \$723m in the first six months of the year, up 12 per cent from last year's \$645m. Overseas sales jumped 31 per cent from last year's first half, to \$1.2bn. The first phase of a \$187m sale of agricultural machinery to Ukraine will be completed in the third quarter.

Air Canada raises C\$157m

Air Canada has raised C\$157m (US\$114m) net from a secondary offering of 2.2m Class B shares of Continental Airlines of the US, representing a C\$128m gain, and will use the proceeds to reduce debt. It will retain 2.8m Continental B shares, or 10 per cent of the equity.

Mr Lamar Durrett, who took over as chief executive from Mr Hollis Harris at yesterday's annual meeting, said his top priority was to rebuild profitability through lowering debt and raising productivity. Robert Gibbens, Montreal

Fed approves SBC move

Nearly a year after buying S. G. Warburg for £860m (\$1,32bn), Swiss Bank Corporation has finally succeeded in overcoming US regulatory burdles and integrating the New York operations of its acquisition.

SBC had run in to the Glass-Steagall Act, the US legislation which permits banks in the US to derive no more than 10 per cent of total revenues from the distribution and underwriting of corporate securities. The Federal Reserve has relaxed this condition in giving permission on Monday for the formation of SBC Warburg Inc. It ends SBC's anomalous ownership of two separate investment banking operations in the US. The merged US operations, which will be headed by Mr Simon Canning, a former SBC executive, will employ about 1,000

Asarco sells 15% stake to end link with MIM Holdings

By Nikki Talt in Sydney and Kenneth Gooding in London

Asarco, the US metals group, has sold its 15 per cent share-holding in MIM Holdings, the Australian mining company. for US\$331.2m, ending a rela-tionship between the two that dates back to the 1930s.

The disposal would result in an after-tax gain of \$39m, or 91 cents a share, Asarco said. The proceeds would be used to reduce debt, saving about \$21m in annual interest payments. Mr Richard Osborne, Asarco chairman, said present market conditions in Australia, includ-

ing a strong Australian dollar.

allowed his company to accom-

plish the sale quickly and on

attractive terms. Asarco would

in future concentrate on

investments which it operated and managed directly.

MIM told the Australian Stock Exchange that the shares were placed with "a broad range of Australian and international institutions".

According to local brokers, about 456m MIM shares were sold at A\$1.705 each sbortly after the market closed last night, a significant discount on the price of ASL86 on Monday. The placing was handled by Bain Securities, a Deutsche Morgan Grenfell subsidiary.

Between the mid-1980s and the 1980s, MIM was in effect controlled by Asarco, which provided most of the money for the development of the Mount Isa ore bodies in nortbern Queensland. MIM took a crossholding in Asarco in the 1980s

and belped Asarco ward off a takeover threat from Mr Rob-ert Holmes à Court, the Perth entrepreneur. MIM sold its Asarco holding in 1994 for

Asarco and MIM enlarged their association to ioclude Teck, a Canadian mining company, and Metall Mining, then a subsidiary of Metallgesellschaft of Germany. Between them they took control of Cominco, another Canadian company, and by the end of the 1980s the loosely-associated group accounted for 8 per cent of western world copper production, 12 per cent of zinc production and 19 per cent of lead output. The association quickly broka up after Metall-

that it was not satisfied with tha performance of its investment in MIM, but said at that stage that it was not a seller, giveo the level of the MIM share price.

Shortly before then, the US group had taken up two boardroom positions at MIM - a move which was thought to reflect the US group's desire to keep a closer eye on MIM's performance. The Asarco representatives will now leave the MIM board. Asarco is the second signifi-

cant shareholder to sell its MIM stake in the past month In mid-April, Inmet, as Metall Mining is now called, placed its 75m shares – less than 5 per cent of the equity - at about gesellschaft hit financial diffi-



Richard Osborne: sale accomplished on attractive terms

navigation specialist

By Michiyo Nakamoto

Sony, the Japanese consumer electronics maker, is to acquire a US company which specialises in digital map technol-

ogy for car navigation systems. Sony of America will purchase Etak, a leading developer of software for car navigation systems, from News Corp, the Australian media and entertainment group, for an undisclosed sum.

The acquisition is expected to help Sony solidify its position in car navigation, which it Sony, which produces hardware for the systems, expects its car navigation business in the US to double this year.

Etak will continue to provide digital map software to other companies after the acquisition is completed. Sony said. The US company is aiming to cover the main metropolitan areas in the US and about 90 per cent of the US population within the next two years, it said. Etak, which is also develop-

ing maps for the UK and Hong Kong, could provide Sony with an entry into those markets, although no specific plans

Sony to buy US vehicle | Corning to spin off two businesses

By Tony Jackson in New York

Corning, the diversified US manufacturer, is to spin off its blood testing and pharmaceutical businesses as separate companies. Analysts said the two could have a combined value of more than \$3bn.

The businesses had revenues of \$2.1bn last year, contributing 38 per cent of Corning's sales and 28 per cent of profit before special charges.

The blood testing business, one of the biggest US labora-

tory chains with sales of \$1.6bn, has seen profits squeezed in recent years by pressure on US healthcare

are thought to have been a little over \$80m, giving slender margins of about 5 per cent.

Corning had already said it would dispose of the business. Rumoured trade bnyers had included SmithKline Beecham. one of Corning's higgest rivals, However, Corning said yesterday the net returns from a

tax-free apin-off were higher than could have been achieved through a trade sale. The spin-off of the fast-growing pharmaceutical busi-ness, which specialises in contract R&D work for drug com-

panies, is less expected.

close to \$500m this year com-

year, while pre-tax margins were more than 15 per cent. The spin-off of the two husi-

nesses is seen as addressing two separate issues. With the laboratory business, Corning gets rid of a poor performer. With the pharmaceutical company, it hopes to highlight a growth business previously hidden within the group.

Corning's share price has performed poorly for several

Ms Kimberly Ritrievi, an analyst at CS First Boston, estimated that the research business could be valued by Corning said sales would be the market at \$2.3bn, or \$10 a Corning share, while the labo-

Corning's shares rose \$2 to \$37% in early trading yesterday, valuing the group at

Mr Van Campbell, chief financial officer, said the laboratory business could be spun off with debts of \$500m-\$700m. The research business would carry a lighter debt load, probably around its current level of

\$80m-\$100m. The chief executive of Corning Clinical Laboratories will be its present head, Mr Kenneth Freeman. The chief executive of Corning Pharmaceutical Services will be Mr Christo-pher Kuebler, also the present

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PowerGen buy-back as Midlands stake sold

By Patrick Harverson

PowerGen, the generating group which had its bid for Midlands Electricity blocked by the government last month. is expected today to announce plans to return more than £350m (\$532m) to shareholders through a share buy-back.

The funds for the buy-back which will be announced at the interim results presentation

the sale of PowerGen's 21 per cent stake in the regional electricity company to Avon Energy of the US for £353m. The 80.3m shares were sold at 440p in a deal that clears the way for Avon – which is jointly owned by General Pub-lic Utilities of New Jersey and

Cinergy of Cincinnati - to pro-

ceed with its own agreed £1.73bn takeover of Midlands.

PowerGen had been expected

Analysts said yesterday that

to reward shareholders with a large pay-out because after its bid for the regional electricity distributor was barred it had few other ways to spend its money usefully. Unlika National Power, its

rival generator, PowerGen is not expanding overseas and the options for investing in its domestic business were relatively limited, they said. Natonal Power is also considering returning value to share-

progressively through higher dividends rather than via a one-off special dividend or share buy-back.
The disposal of the Midlands

stake yesterday means Power-

holders. Its own bid for a rec -Southern Electric - was also

blocked by the government last

month, and it is believed to

have between £1bn-£2bn avail-

able to spend. However, the group is expected to hand the

money back to shareholders

Gen has abandoned plans to launch a judicial review of the government's decision to block its acquisition of the rec. It had threatened to challenge the judgment by Mr Ian Lang, trade and industry secretary, that the deal would hinder competition in the generation market, but its chances of overturning his decision were always regarded as slim.

The sale of the Midlands shares prompted PowerGen to

announcement forward by more than a week. Although it will unveil its plans to return value to shareholders today, it is not expected to reveal whether it will withdraw from the £1.7bn sale of three power stations to Eastern Group, the rec owned by Hanson. That was agreed on April 20, but PowerGen threatened to abandon the sale after the government blocked its Midlands bid.

LEX COMMENT UK utilities

Yesterday's across-the-board drop in utilities' share prices
- a kneejerk reaction to Ms Clare Spottiswoode's hammering of British Gas looks ill-considered. Similarly, investors who screwed up their last-minute applications for Railtrack shares on hearing the news should quickly pick them out of the bin. Take for instance Ms Spottiswoode'a new policy on depreciation - an arcane point, but the source of much of yesterday's pain for British Gas. This is already a

fact of life in the electricity sector, and close in effect to what the telecoms regulator is proposing for BT. For water and rail, where regulators work on different principles, it is ar Latin.

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True. Ms Spottiswooda's severity has set an example for other regulators her peers, doubtless, will not want to look soft hy comparison. That is, though, pretty academic as far as water, electricity and rail are concerned - their next price reviews are years away. In any case, water and rail prices already discount helty doses of regulatory risk. The same is not true of the recs. if anything, the fall in their overblown share prices looks like the right result for the wrong reason. There are really only two potential direct victims: BT: and National Grid, whose price reviews are under way. But Mr Don Cruickshank, BT's regulator, is unlikely to need any lessons in aggression from Ms Spottiswoode. And the Grid's share price already discounts an extremely harsh review. Investors, in short, should be worrying about Ms. Spottis-woode's real target rather than innocent bystanders.

GA to lift car insurance rates

General Accident, the Scotland-hased composite insurer, yesterday pledged fresh action to reverse fierce price cutting in UK private motor insurance. It said further increases could follow a 4 per cent rise implemented last

Tha move coincided with figures showing a weather-related fall in first quarter operating profits from £112m to £55m and highlighted GA's attempts to position itself for deteriorating UK trading conditions

The group also announced 300 staff had been cut from its life operation - with another 300 to go - following GA's acquisition last year of Provident Mutual, the life insurer.

6 mins to Feb 29
S mins to Mar 31
53 weeks to Jan 7 *

3 mits to Mar 31
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S mits to Mar 31
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Yr to Mar 31 Yr to Mar 31 6 miths to Mer 31

RESULTS

Investment Trusts

ceeding faster than expected and Provident Mntual contributed £1m, net of reorganisation costs, to long term business profits of £20m, up from £16m. The group expects annualised cost savings of £23m this year,

Also pleasing the market was GA's disclosure that sur-plns, or "orphan" assets within its life funds might be worth as much as £1bn. But it insisted it had no plans to follow other insurers and consider a possible distribution to olders, saying the extra financial strength would help underwrite more life business. Profits were hit by £70m (£20m) in weather-ralated losses on property insurance in the UK, US and Canada.

Rate increases are not being

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Earnings shown basic, Dividends shown net. Figures in brackets are for corresponding period. Anciuded foreign income dividend element. After exceptional charge, \$\psi\text{After exceptional charge

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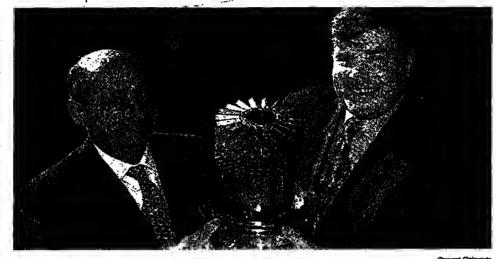
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Healthcare restricts BOC rise

By Daniel Green

Strong performances from BOC's gases and vacuum pump businesses in the six months to Marcb outweighed a fall in profits from its healthcare division to leave pre-tax profits up 12 per cent at £217.4m (\$330.4m). Turnover was up from £1.8bn to £1.98bn.

Operating profits in gases, the biggest division, rose 10 per cent to £197.9m as sales increased 9 per cent to £1.38bn. Underlying profit had grown in all regions, said the company, Mr Danny Rosenkranz, BOC's chief executive, painted an optimiatic picture of the group's gas businesses, especially in the US where "the balance of supply and demand is the best I've seen for many years". UK demand waa 'robust" with increases in volumes of liquefied gases and prices of compressed gases.



The vacnum technologies business, which supplies specialist pumps, increased oper-

This announcement appears as a matter of record only.

Total tast year

7,375

13 4.25 5.75

Total last

ating profits 39 per cent to £43.6m (£31.4m) as sales rose came from its Edwards High

Most of the improvement

Consultancy helps Sedgwick to beat forecasts

By Jane Martinson

Sedgwick, the insurance broker, reported better-than-expected results yesterday with a 6 per cent increase in first quarter pre-tax profits from £42.7m to £45.3m (\$68.9m) in

spite of falling premiums, New business helped lift rev-enues 3 per cent to £254.9m (£246.3m) in the three months to March 31. Operating profits rose 4 per cent to £45.9m. An improved performance in

risk management and at Sedg-wick Noble Lowndes, the finan-cial services and consulting arm, lifted demand. Mr Sax Riley, chief executive, said the group's strategy of moving towards fee-hased consultancy work, typical of risk management, and away

from traditional commissionbased insurance broking was starting to unfold and work". Conditions in most sectors remained "tough", however, with insurance broking in

Europe suffering the greatest cost pressures. Mr Riley earlier this year increased speculation about a possible merger when he forecast large-scale consolidation in the industry. Yesterday, he would not be drawn on whether such consolidation Sedgwick

Share price relative to the FT-SE-A insurers index 120 -1994

The bottom line was helped by a film cut in interest payments to £2.5m.

Source: FT Edel

The introduction of a foreign income dividend in the last quarter of 1995 and changes to advance corporation tax helped boost earnings per share, which rosa 12 per cent to 5.5p. The group intends to declare a FID at the interim stage.

The company spent between £9m and £10m on buying a German insurance broker, Oakwood Underwriting Agencies which expanded the number of Sedgwick's Lloyd's members agencies - and a joint capital markets venture in the US. Net cash stood at £72m. The shares gained 3p to 149p.

NEWS DIGEST

Russian pair halt sacking by Bula

Two Russian directors of Bula Resources have obtained an Irish High Court injunction to prevent the Irish oil company sacking them.

Mr Alexandre Marichev and Ms Tatyana Kirillova obtained an injunction on Monday evening preventing any resolutions to have them dismissed being considered at an extraordinary meeting scheduled for today. Bula has confirmed that the

meeting in Dublin will not be going ahead.

Mr Marichev and Ms Kirillova have a 48.5 interest in the Russian Corporation, a company to which Bula has paid more than \$9.5m (£6.25m) since 1994 for an option over 51 per cent of Aki-Oyir, a Siberian oil producer. The two Russians joined the board in October 1994 after the deal was announced. .

Bula is not expected to appeal the injunction but its board will meet to set another date for an egm. John McManus

Cantab seeks £25m from City.

Cantab Pharmacenticals is the latest blotechnology company to call for more cash from City investors. It intends to raise about £25m through a share placing. The cash would allow it to build more production capacity and to take at least one of its products through to the final stages of medical testing, said Mr Paul Haycock, chief executive, It may also buy "complementary technologies" to help research and development. Cantab has net cash of £8m and spends about £700,000 a month. The company also released first quarter figures showing a

net loss of £1.8m, or 17p a share against £1.6m, or 16p a share. Turnover for the first quarter was £17,000 (£135,000). It was earned under the company's collaborative agreement with Pfizer, the US pharmaceuticals company, to develop vaccines for veterinary healthcare.

Unilever expands in El Salvador

Unilever has continued its expansion in Latin America by acquiring the outstanding shares in Oliva, a soap manufacturer based in El Salvador, for an undisclosed sum.

The purchase was made through Unisola, Unilever's joint venture with the De Sola family, which already owned 30 per cent of the shares. The remainder were purchased from the Gonzalez Giner and Araujo families.

Oliva is Unilever's fourth acquisition in Latin America this year, following the Compaceites group, a detergent and margarine manufacturer based in Panama, Malloa, a Chilean food company; and Capsa, a Paraguayan detergent group.

has acquired all third party liabilities and matching assets and operations of

BANCO ECONOMICO

All offices, branches and agencies of the former Banco Economico in Brazil and overseas were reopened to the public on May 2, 1996.

SBC Warburg acted as financial advisor in this transaction.

SBC Warburg

A DIVISION OF SWISS BANK CORPORATION

GIVE US A STAPLE

was yet on the horizon.

heque to fund more Macmillar Nurses to help 1,000,000 people living with cancer. (1 m 3 of us will get cancer)

Cheque amount (made out to 'CRMF (F8)' Picase send to: CRMF FREEPOST LONDON SW3 3BR

Cancer Relief Macmillan Fund exists to support people with cancer and their families. Rept. Charity No. 261017

Macmillan

APPEAL

TECHNIP: FIRST QUARTER 1996

At the group level, TECHNIP achieved consolidated turnover of 2,318 million French francs compared to 2,050 million French francs for the corresponding period in 1995. This is as the same level as the last quarter of 1995.

Consolidated turnover (excluding tax)

(in millions of French francs)	First quarter	First quarter
Group turnover	2,318	2,050

CURRENT ACTIVITY

The TECHNIP group is continuing to negotiate and arrange financing to bring a number of major international contracts into force.



DESIGN & CONSTRUCTION OF MAJOR INDUSTRIAL PROJECTS



May 16, 1996

NOTICE TO THE ROLDERS OF Map Investment N.V. (the "issuer")

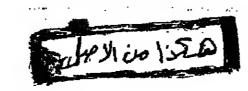
3% Participating Bends

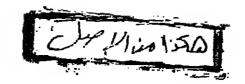
Due May 17, 1999 (the "Bonds")

The Issuer has declared and will pay U.S.
\$12,190,024,00 Participating insurest due and
payable on May 17, 1999. The annualized
percentage rate is cough to 2,86045 and the
amount of Participation Interest payable on
U.S. \$10,000 principal amount of the Bonds is
\$380.0. BASF Aktiengesellschaft BASI

Allianz Beteiligungsgesellschaft mbH, Munich/Germany has notified us in accordance with § 41 paragraph 2 of the Wertpapierhandelsgeestz (Law on Securities Trading) that its share of the voting stock of our company exceeds 10 % and altogether emounts to 10.6 % (as-of-January 1, 1995).

BASE Aktiengesellschaft The Board of Executive Directors





COMMODITIES AND AGRICULTURE

Excess rice inputs 'costing \$2.5bn a year' | Statistics bureau identifies

5 MAY 15 1996

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Rice-producing countries in the developing world could save as much as \$2.5bn by cutting back on excess use of fertilisers and pesticides, according to a report from the UN's Food and

Agriculture Organisation. The FAO says "tha unbalanced use and over-usage of fertilisers and pesticides are among the most critical problems faced by the rice produc-

tion sector" It warns that developing countries could be using 2m tonnes too much nitrogen fertiliser a year, "resulting in excess rice production costs of around \$500m".

China alone is estimated to use 10 to 20 per cent more fertiliser than is necessary, wasting some 500,000 tonnes a year at a cost of about \$100m.

This over use carries serious environmental implications, notably because the excess fertiliser dagrades the soil and affects future output prospects. The report, due to be dis-

cussed in Seville last night by the FAO's intergovernmental group on rice, says fertiliser subsidies are estimated to total around \$1bn a year in the main rice producing countries. Where part of the over-use stems from fertiliser subsiThe world rice market is likely to remain tight this year, says the FAO. But the projected supply/demand shortfall of 200,000 tonnes is significantly lower than 1995's 700m tonnes. As a result it expects prices to fall from last year's very high

This has already started to happen, it says in its "Statement of World Rice Situation and Outlook 1995-96" prepared for this week's intergovernmental group meeting in Seville. Between January and mid-April the FAO export price index for rice fell by 7 points to 135 points, 16 points below the peak reached last

"With the harvest of the 1995-96 second season rice crop in the northern hemisphere countries now in the market, export prices could come under pressure in the next month or so."

Rice market balance Tonnes (m) Price Index (1982-84=100)

91 92

dies. . . the withdrawal of ticides is a widespread problem sncb subsidies results in oet savings," it says.

in most rice producing countries, with rice often In addition, the study says accounting for as much as half that over-use or misuse of pes- the pesticide use in a country's yields in the region had been

Pesticide nae could be reduced to cut environmental damage by at least half with-

out compromising crop yields. "Such gains, if aggregated to the regional level, imply cost savings of up to \$1bn," says the report. The study, entitled Rice and

the Environment, says aggre-gate demand for rice is expected to grow by 1.8 per cent a year in the next 15 years. About 90 per cent of the demand will be in Asia, where very little land is left to develop. Pressures for yield increases will be greatest in that region. Ms Chan Ling Yap, the

FAO's senior rice specialist, said; "In the next 15 years, we'll see most of the increase in production through raising yields because of the lack of spare land. Unless countries pay more attention to getting the message across to farmers, there's going to be a problem".
Fertiliser use had increased sharply over the past 30 years in Asia. It rose from 19kg a hectare in 1960 to 110kg a hectare in 1980. By 1990, it was estimated at 185kg, with rates as high as 350kg a hectare in

negligible in recent years, indicating that optimum fertiliser application rates had been reached or exceeded in many countries.
"The adverse impact exerted

on the environment by the process of intensifying production on existing land during the past five to 10 years is illustrated by the maximum rice yields reaching a plateau," says the report. "In fact, in the past 30 years little progress has been made in raising yields under very intensive systems." The soil can become

stressed, leading to lower yields and less reponsiveness to fertilisers, which in turn can lead to even higher applications of fertiliser to achieve the same vields. The report calls for greater

use of farm manure, inste mineral fertilisers, and the adoption of "integrated pest management", under which pesticides are applied only

when necessary.

Another growing environmental threat is salination of paddyfields, caused by poor drainage and irrigation problems, says the report. "According to some estimates, the annual loss of irrigated land globally may be 1m-1.5m hectares, of which 25-50 per cent may be rice land."

problems with copper data

By Kenneth Gooding, Mining Correspondent

The World Bureau of Metal Statistics, whose data are used by many toternational metals markets analysts, has identified some of the reasons copper market statistics have been unreliable for several years. It seems that poblished statistics teoded to give a more

cooditions than was justified. WBMS has found that copper exports to the west from Kazakhstan and Uzbekhistan have not been picked up in east-west trade data and this has led to systematic under-reporting of westero imports from the east-

bullish view of copper market

ern bloc amounting to about 100,000 tonnes a year. The burean's new research also raises the possibility that European Union countries' directly-reported consumption

data may be over-stated by

50,000 to 300,000 tonnes a year. Mr Peter Hollands, editor of the Bloomsbury Minerals Economics' Copper Briefing Service, which raised the issue

+4,225 to 8+3,750 to 84,960 -11,750 to 306,450 -150 to 89,600 -318 to 34,914 -9,475 to 597,350 +310 to 8,905

earlier this year, said yester-day: "While WBMS's research findings are still preliminary. they are encouraging in that the areas under investigation could account for much of the

statistical discrepancy". He said the findings so far seemed to support BME's identification of consumption data error. BME in its April newsletter estimated that consumption of copper in the western world last year was over-stated by 290,000 tonnes, that imports from the eastern bloc were understated by 175,000 tonnes and western world production figures over stated by 35,000 tonnes. Mr Hollands said: "There has been a global sup-ply surplus of copper since the middle of last year. The mar-ket's fundamentals are at the

bearish end of the spectrum". The United Nations-sponsored International Copper Study Group has organised a seminar in June as part of a global effort to ensure copper market statistics are more reliable in future.

Copper Briefing Service: £725 or US\$1,150 o year from BME, 70 Marchmont Street, London WCIN IAB, England. World Metal Statistics: US\$1,885 o yeor from WBMS, 270 High Street, Ware, Herts, SG12 9BA,

At least 99 gold mine closures forecast by 2000

By Kenneth Gooding, Mining Correspondent

At least 99 gold mines outside South Africa will permanently close in the next three and a half years. Between them they are producing an annual 197 tonnes or 6.33m troy ounces of gold - more than was mined last year in Canada or Russia or China, the fourth, fifth and

sixth largest producers. Meanwhile, growth of new gold mining capacity outside of South Africa will slow significantly, according to a survey by Mining Journal, whose database system tracks the activities of more than 2,100 metal mines and the companies that own them.

Forecast Net Changes in Annual Capacity (tonnes) 1997 1996 1998 1996 Canada +13

The net effect is that, whereas mined gold output outside of South Africa can be expected to increase by 125 to 128 tonnes this year and by 151 to 161 tonnes in 1997, production is likely to fall by up to 12 tonnes in 1998 and by 44 tonnes the following year.

Rest of World

Total

Mining Journal has undertaken the survey as its contri-bution to the debate about from emerging producer coun-

+3/+5 -19/-6 -30

> what might happen to global gold output if production drops substantially in South Africa. the biggest producer. Some pessimistic analysts suggest that South African output will fall from about 523 tonnes in 1995 to 505 tonnes this year and to 500 tonnes in ten years. Analysts also expect a sub-

+1/+5

+111/+116

+151/+121

tries such as those in Latin America, West Africa, southeast Asia and the Commonwealth of Independent States.

large areas of irrigated rice.

Yet average increases in

MJ points out that much less attention is paid to the amount of gold capacity that is likely to close in coming years, "perhaps because, not unnaturally, mining companies seek more publicity for the commissioning of new mines than for the closure of old ones".

The organisation has used its data base to track those mines that will certainly close before the end of 1999 and also those that will close unless their owners find more reserves in the meantime. There are 17 mines producing 27 tonnes a year (868,000 ounces) in this

SOFTS

COCOA LCE (Efforme)

Among the big three producing countries, Australia is set to suffer the most gold mine closures. At least 37 Australian mines producing an annual 78 tonnes of gold (2.5m ounces) are scheduled to close before the end of 1999. This will be offset to some extent by 19 new mines scheduled to produce 53

tonnes a year (1.7m ounces). MJ says all data about mine openings is "based on the pub lished intentions of mining companies and no attempt is made to guess whether some of these plans might prove unre-

MJ database service details from MJ, 60 Worship Street, London EC2A 2HD, England.

Anglo ready to spend \$70m on reopening Zaire zinc mine

for the re-opening of Kipushi,

By Kenneth Gooding

Anglo American Corporation of South Africa is ready to spend US\$70m towards re-openng the Kipushi zinc mine in Zaire, which was the eighth largest in the world, with an annual output of 80,000 tonnes of the metal, before lack of foreign currency for spare parts for its mechanical equipment forced its closure in 1993.

American Mineral Fields, a small US company that recently gained the exclusive right to negotiate a contract

said yesterday that Anglo would finance the first 20 per company Gecamines. cent of the capital cost of reopening the mine and constructing a new zinc and copper processing facility. AMF and Angio would share the

ventures in Zaire. After due diligence investigations, Anglo would be willing to spend a further \$30m, or the first 20 per cent of the capital

remaining costs equally and be

50-50 partners in this and other

(waste) at the Kolwezi mine owned by Zaire's state mining

The Kipushi mine, in Shaba Province near the border with Zambia, was estimated in 1991 by the CRU International consultancy group to be the second-lowest cost zinc producer in the world with cash costs of only 1.16 US ceots a pound. The mine produced not only zinc and copper but also gold. silver, cadmium and germanium. When it closed the mine costs, towards a project to was reported to have recover metal from tailings for another 20 years. was reported to have reserves

Uranium production boost planned

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000/ba; certs/lbs)

64.600 +0.4 64.800 64.350

Cameco, the world's biggest uranium producer, plans to raise capacity by 50 per cent by

from nuclear generators. The company, now with about 18 per cent of the world

2005 to meet strong demand lb of uranium oxide last year. Mr Bernard Michel, the president, says Cameco sees a potential supply gap of 50m lb

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE

	Cash	3 mile
Close	1620.5-21.5	1655-55.5
Previous.	1690-31	1664-65
High/low	1630/1628	1669/1645
AM Official	1629-30	1687-68
Kerb close		1845-48
Open Int.	218,314	
Total delily furnitives	75,689	
R ALUMANIUM ALL	OY (5 per tonne	n)
Close	1350-80	1386-88
Previous	1355-65	1395-40
High/low		1402/1388
AM Official	1360-65	1400-05
Kerb close		1385-95
Open int.	5,379	
Total daily turnover	2,614	
LEAD (\$ per tonn	***************************************	
Close	847-8	642-2.5
Previous	843-4	837.5-8
High/low ·		844/B37
AM Official	B50-1	843-4
Karb clase		840-1
Open Int.	36,239	
Total dally turnover	6,800	
NICKEL (S per to	nne)	
Close	a150-60	8265-70
Previous	8290-90	8385-90
Highviow	8275	8450/8170
AM Official	8275-80	8378-80
Kerb close		8180-85

Open int. Total daily turnover TIN (5 per tonne) 6555-60 6585-90 AM Official Kerb close Open int. Total daily sum 6570-80 16.811 ZIMC, special high grade (\$ per torms) 1075-75.5 1086-87 1080/1072 1079.5-80 Close Previous High/low AM Official 1074-75 Open int.

COPPER, grade A (\$ per tonn 2679-80 2675-76 2712/2673 2800-01 2698-700 AM Officia R LIME AM Official E/S rate: 1.5171 LME Closing E/S rate: 1.5100 Spot: 1.5151 8 mithit: 1.5129 0 mithis: 1.5115 0 mithie: 1.5106

HIGH GRADE COPPER (COMEX) | 128.90 | -1.20 | 131.40 | 128.70 | 423 | 6.530 | 126.50 | -1.25 | 128.75 | 126.60 | 139 | 3.075 | 124.10 | -1.45 | 126.50 | 124.10 | 4.993 | 26.210 | 121.50 | -1.40 | 121.30 | 119.30 | 315 | 5.323 | 117.70 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.25 | -1.2

PRECIOUS METALS ILLONDON BULLION MARKET (Prices supplied by N M Romachild) Gold(Troy cz) \$ price 29 price 391.80-392.30 (Opening 31.30-391.90 (Memora fix 391.25 (Memora fix 392.30-392.80 (Day's Low 390.30-390.80 (Previous close 391.20-391.80 (Memora fix 391.20 (Memora fix 391.20

Loco Ldn Mean Gold Leading Rates (Ve USS) __4,48 __4,40 __4,35 353.75 358.40 US cas equity.

562.35 £ equiv. 258-260 \$ price 391-394 402-95-405-45 Gold Colm **60-62**

The state of the s

Precious Metals continued

	Sett	Day's				Open
	price	change	Hgh	long.	Yol	lot
May	391.7	+0.2	-	-	-	
Juni	392.9	+0.2	393.7	391.5	18,448	85,079
Jel	394.3	+0.3	_	_	_	3
Page .	395.8	+0.3	396.7	394.5	5,397	30,229
Oct	396.4	+0.2	396.3	397.5	48	5,682
Doc	401.1	+0.2	402.0	399.7	2,298	31,960
Total					28,873	286,192
■ PL	MUNITA	NYMEX	(50 Tro	y oz.;	S/troy o	(L)
Jul	404.6	-1.5	406.9	403.0	1.367	13,880
Dot	407.5		409.5	407.0	187	
Jen	410.2	~1.5	411.7	411.7	-	876
Apr	412.9			414.D	111	
Total					1,554	24,887
	LLADIUI	M NYME	x (100	Tray o		-
Jen	134.50	+0.05	134.50	133.50	125	4,615
Sep	135.65			_	4	3,570
Dec.	136.75		_	-	5	577
Total					130	8,76
3 St.	VER CO	MEX (5.	77 000	Y DE.	Centari	nay car
May	535.9	+0.5	539.0	532.0	28	200
_	537.9		_	_	_	- 3
10	540.0		543.5	535.0	6,593	65.07
Sep	545.1		548.5	540.0	46	
	552.7	+0.5	556.0	548.0	66	9.505

Des Mar Total	552.7 560.3	+0.5 +0.5	556.0 562.0	548.0 558.5	65 6,738	9,805 9,559 97,998
	RGY	NYME	K (42,0	20 US Ç	palls. \$/	barrel)
	Lutest price	Duy's change	High	Low	Vol	Open
Jun Jul Ang Sep Cot Hov Total	21.21 20.31 19.80 19.16 18.78 18.59	-0.15 -0.03 +0.03 -0.01 -0.11 -0.12	21.55 20.53 19.70 19.18 16.01 16.70	21.08 20.10 19.46 19.02 18.78 18.58	29,670 19,608 5,141 2,267 1,457 363 60,672	70,310 83,173 57,606 38,938 24,532 10,771 450,719
R CR	NDE OIL		barrel)			
	Labort price	Day's change	High	Low	Vol	Dpec let
Junt Juli Awg Stop Oct Mov Total	19.35 18.56 18.00 17.57 17.41 17.30	+0.02 +0.05 -0.04 -0.06 -0.13 -0.07	19.57 16.71 18.10 11.73 17.50 17.31	19.20 18.45 17.92 17.52 17.41 17.28		27,938 82,346 23,321 12,139 7,921 5,037 195,029
■ HE	ATTING O		X (42,00	U US ga	a; ous	
		Day's	High	Low	Voi	Open let 22,410
Just Just Amy Sep Oct Mary Total	55.15 53.25 52.95 53.10 53.60 54.10	-1.04 -0.60 -0.35 -0.50 -0.55 -0.60	56,40 54,00 53,30 53,50 54,00 54,20	54.75 52.90 52.70 53.10 53.60 54.10	12,328 5,273 1,328 649 326 383 23,231	16,231 13,783 0,809 4,702 5,064
	Saft	Day's				Open
Juni Juli Aug Sep Det Hor Total		-1.25 -1.25 -1.00 -0.75 +0.25 +0.50	High 170.25 165.75 184.00 164.25 184.25 164.75	166.00 163.50 163.50 163.00 164.25 164.75	Vot 4,611 1,584 273 262 17 146 7,371	15,183 8,031 0,910 3,789 1,999 1,327 96,657

MATURAL GAS NYMEX (10,000 mmBhr., \$/mmBhr.) 2250 -0.025 2297 2251 14,549 25,100 2250 -0.033 2.200 2285 5,444 25,647 2270 -0.038 2.315 2270 2.309 16,897 2240 -0.027 2271 2.200 916 11,890 2240 -0.027 2271 2.200 916 11,890 2285 -0.015 2.305 2.200 377 8,048 1,484 14,719 407 3,596 28 1,506

GRAINS AND OIL SEEDS WHEAT LCE & per tonnel Sets Dev's 3 120 83 1,727 127.05 -0.25 127.50 127.50 129.35 -0.50 130.25 129.50

\$ep	116.75	-0.05		-		384
Nov	118.35	0 10	118.75	118.25	149	3.030
معتر	120.40	+0.20	130.50	120.50	5	990
Mar	122.50	+0.25	122.50	122.50	5	140
Total					245	6,474
WH.	EAT CET	(5,000	bu min	cents/	60lb ba	ishel)
May	668.00				79	329
Jul	583.25	-4.75	589.00	573.00	9,902	56,876
Sep	578.00		586.75	569.00	2,830	15,482
Dac	586.50		590.50	578.00	2,627	17,211
Mar	578.00		577.00	572.00	38	1,501
May Total	517.00	-200	-	-	15 520	170 93,048
	SZE CBT	/5.000	hu me	- central		
Mary			509.00	495.50	1,936	4.585
Jul	487.25	-6.00	492.00	480.25	38,486	
Sep	418.75	+5.25	420.00	406.00		66.595
Dec	353.50	+0.50		348.00		
Mar	358.50	-0.25		353.50		16,791
May	361.00	+0.25	362.00	357 00	284	2,203
lotal					99,688	467,262
R BA	RLEY LC	E (£ pe	r tonne	<u> </u>		
May	116.00	_		118.00	ක	118
Sep	110.00	+0.10			.1	65
How	111 45	+0.20	171.50		10	654
Jan	113.65	-0.10	113,75	113.75	20	118 41
Mar Total	115.40	-0.10	_	-	56	1,003
	YABEAN	s cer e	5.000bu	man: ceo		
May	010.50			795.00	1,166	1.547
J12	818.75			B02.00		80,988
Acq	818.50		828 OO		1,997	12,555
Sep	800.00	+700	802.50	786.00	489	6,586
Nov	790.50	+8.00	791.50	776.00	12,563	74,290
مجار	796.50	+8.00	797.00	783.50	281	5,805
fotal						192,494
_	YABEAN					
May	27.15	+0.12	27.15	26.66	2,146	1,495
J	27,48	+0 14	27.52	27 00		53,071
Aug	27 68	+0.10	27.65	27.17	1,050	11,217
Sep	27.84	+0.14	27.75 28.00	27.35 27.55	649 270	5,369 4,173
Dec	28.22	+0.84	28.25	27.78	2.254	19.503
Tetal				27.110	15.251	98,000
	YABEAN	MEAL	CBT (1	QQ tons	\$ \$/ton	
May	249 D	-00	249.8	245.5	1,565	1,571
Jer ,	252.8	+0.6	253.3	249.0	9,788	50.874
Aag	252.6	+06	253.0	248 B	1,150	11,479
Sep	250.2	+1.0	250.3	246.0	390	7,539
Oct	247.2	+17	247.2	243.5	172	3,484
Dec	247 5	+22	247.5	242.8	1,987	17,237
Total					15,358	95,206
	TATOES					

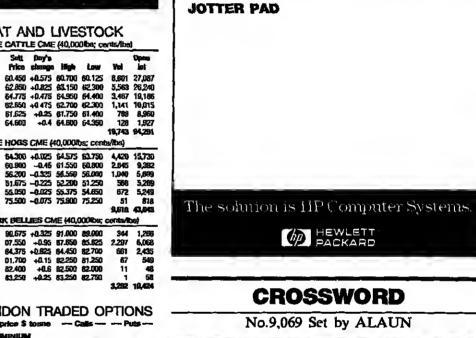
72 1,098 -3 1415 1400 -11 1302 1315 -5 1267 1267 - 1365 1365 -2 -+22 -15 705 7 557 2 2,018 1 1,075 - 52 - 32 1410 1313 1267 1365 1388 1414 -33 -2 Close 1438 FUTURES DATA
All futures data supplied by CMS.

Soft Day's Jen Ang Oct Occ Fab Apr Yotpl 1127 783 22,397 1146 786 45,377 1046 1,270 28,324 1037 539 33,777 1049 188 18,648 1134 1152 1047 1043 1053 R COCOA CSCE (10 tonnes; \$/tonnes) 1418 1425 1430 1445 1448 1464 1412 1408 6,660 32,836 1417 2,113 19,435 9,850 99,863 E COCOA (ICCO) (SDR's/tonne) Mary Juli Aug Feb Mar May Total May 13 Dally COFFEE LCE (S/torme) 1985 186 1,589 1935 1,692 17,072 1925 908 6,229 1918 36 2,674 1900 48 1,765 1968 38 700 COFFEE 'C' CSCE (37.500lbs: cents/lbs) 126.95 -0.20 130.00 126.55 81 477 126.65 +0.60 130.50 125.25 4,132 19.246 125.35 +0.25 128.50 124.40 605 122.85 -0.30 125.00 122.50 130 121.50 +0.25 124.00 121.10 30 120.00 -0.25 120.25 120.00 7 May 13 Comp. daily 112.14 WHITE SUGAR LCE (S/tonne) 377.9 +3.3 361.0 375.0 2518 11,868 346.2 +2.8 348.5 345.5 738 5,227 336.6 +3.2 337.5 334.5 244 3,333 331.9 +3.0 332.5 292.6 444 2,926 329.9 +2.4 331.0 329.6 149 1,196 329.8 +2.8 - - 277 SUGAR "11" CSCE (112,000fbs; cents/fbs) 10.81 +0.11 11.05 10.85 11.261 53.604 10.79 +0.02 10.82 10.68 1,566 35.903 10.72 +0.03 10.80 10.68 2.944 25.875 10.89 +0.02 10.89 10.89 574 7.373 10.57 +0.03 10.69 10.85 81 3.581 10.59 +0.03 10.89 10.85 81 3.581 10.59 +0.03 10.89 10.85 1 1.148 R COTTON NYCE (50,000fbs; carts/fbs) 82.87 -0.06 83.10 82.20 4,783 24,930 82.40 -0.03 82.65 01.50 284 3,854 81.00 +0.22 82,05 81.25 2,812 27,851 82.51 +0.11 82.55 82.30 100 3,289 83.10 +0.10 83.00 83.00 14 1,541 83.30 +0.05 - 40 83.00 ■ ORANGE JUICE NYCE (15,000fbs; certs/fbs)

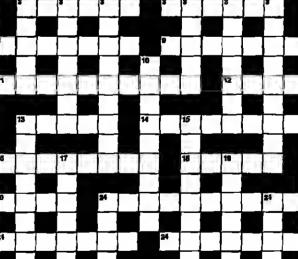
VOLUME DATA Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSC are one day in arreers. Volume & Open Interest totals are for all traded INDICES RELITERS (Base: 18/9/31=100) May 14 May 13 month ago year ago 2156.0 2137.6 2114.1 2326.0 R CRB Futures (Base: 1987=105) May 10 month ago 259.08 255 64 May 13 250.64 @ GSCI Spot (Base: 1970=100) May 10 month ago 209.32 213.40

LIVE HOGS CME (40,000/bs; cents/lbs) 64.300 +0.025 64.575 63.750 4,420 60.900 -0.45 61.530 60.900 2.845 56.250 56.000 1.040 51.675 -0.225 54.250 51.250 588 56.050 -0.025 56.375 54.850 672 75.500 -0.075 75.900 75.250 51 9,618 43,848 90.675 +0.325 91.000 89.000 344 07.550 +0.95 87.850 85.825 2.207 84,375 +0,925 84,450 82,700 01,700 +0,15 82,250 81,250 82,400 +0,6 82,500 82,000 83,250 +0,25 83,250 82,750 LONDON TRADED OPTIONS (99.7%) LME COPPER (Grade A) LME 2500...... Sep 144 86 45 ,tun . 4 269 172 COFFEE LCE Sep 276 252 229 E COCOA LCE 975 900 ____ Jum LONDON SPOT MARKETS R CRUDE OIL FOB (per barrel) +0.045 +0.17 +0.08 \$16.89-6.89x \$19.57-9.81 \$18,58-8,60 OIL PRODUCTS NWE Premium Gasoli Gas Oli Keevy Fuel Oli Naphtha Jet fuel \$234.236 \$178-180 R NATURAL GAS (Pence/therm) Bacton (Jun) 9.40-9.60 +0.1D Petroloum Argu 540.50c \$403.00

117.35 -2.45 120.80 117.20 5,718 11.559 117.30 -2.45 120.50 117.30 1,772 4,373 115.50 -1.25 117.40 115.59 157 1,145 114.00 -1.90 118.25 114.00 332 3,505 118.00 -1.90 119.00 117.00 12 258 118.00 -1.90 1.90 - 4 4 143 Gold (per troy oz) \$ Silver (per troy oz) \$ Platinum (per troy oz Palladium (per troy oz \$133,00 Copper Lead (US prod.) 45.00c 16.10r Cattle (live weight)
Sheep (the weight)
Pigs (the weight)
Lon. day sugar (raw)
Lon. day sugar (whe)
Sarley (Eng. feet)
Meize (US No3 Yello
Wheet (US Dark Nor 102,10p -6.63° +13.01° 120,250 \$288.2 \$401.0 Rubber (Jul)♥ Rubber (Jul)♥ Rubber (KL RSS No1) +1.25 +1.25 102.50p 372.50m Coconut Oil (Phil)§ Palm Oil (Malay.)§ Copra (Phili§ Soyabeans (US) Cotton Outlook'A' Index +25 \$547.52 -2.0 +0.05 Wooltops (64s Super) 432p E per tonno uniese otherwise statud, p pencefu r reggiffig, m Malleyelan centefug, z Mey/Jun. Mey. y Apr/Jun. w Jun/Jul. P London Phy Robertson & Bullion market class. * Chang †Broad on 3,905 feed of pigs sold.



market, produced a record 15m by 2000 and firming prices.



1 The viewpoint of a party repeat sentence (6)

3 Dies unexpectedly at sea terrible illness (7) exhaustion (9)
10 Behaving pompously when playing a supporting role (9).

13 What controls the jet of water? (5,4)

right (7)

11 With which the vegetarian goes butting? (10)

12 Concerned with a great performance (2-2)

13 Stick to the glass (5) 14 Opened with a solo turn the nude, dancing (8) 16 At the end, is prepared to give a description of the eyes (5,3)
18 Nicks it and beats it (5)
21 An agreement on retirem brief and to the point (5)
22 High but not squeaky? (5)

20 It's high backed, as before (4)
21 The novice is given money to
pay the bill (10)
23 Not having the sense to grab you (7) 24 Funny clue about a mixed bar that could be made better (7) 25 Heard "break point" and "set"

26 Stop bowing and don't be so She dreamt she got caught in a lie (5)

suade one to (7)

22 High but not squeaky? (5) Solution 9,068 BUREAU CARDINAL
RED VEEE
RED VEEE
ALLUSE DISPLAYS
NAILTDATE
DUTYFREE BREEZE
1 1 T A T T N E
SPOT CREATES
H N G I L D S L
COUNTER VERA
AK N G N T D U
STARVE STBIKING
P D E C B R M H
ENLARGER LATENT
C I G D D N E
TEMPERED TESTER 2 Rings the bell and tries to per-

3 They buy most new cures, anybow, that come out (9)

5 A love affair with Othello, say

6 So I trot off to prepare the food (7)
7 It could be a flush from

water? (5,4)
15 Vulgar repartee from which
you'll profit little (3,5)
17 A beauty, as breakers go? (7)
19 Enrage the trendy old girl (7)

centre

INTERNATIONAL CAPITAL MARKETS

US Treasuries higher as inflation fears subside

By Lisa Bransten in New York and Samer Iskandar in London

US Treasury prices were higher in early afternoon trading yesterday as weaker than expected April figures on the Consumer Price Index and retail sales eased fears about the potential for inflationary pressures to emerge.

Also, the yield on the twoyear note moved below 6 per cent for the first time in nearly two weeks, as investors' concerns that the Federal Reserve might soon raise short-term interest rates receded.

Mr Joseph Liro, of CIBC Wood Gundy, said: "The combination of the retail sales and CPI reports reinforces the growing relief that the Federal Reserve will not need to take action to raise the funds rate."

Near midday, the long bond was % stronger at 88% to yield 6.845 per cent, the two-year note was up \(\frac{1}{2}\) at 99\(\frac{1}{2}\), yielding 5.976 per cent, and the June 30-year bond future was higher at 1097.
Although energy prices

jumped by 3.2 per cent jump in April, the Consumer Price Index advanced by just 0.4 per cent and core inflation, which excludes the volatile food and energy components, was up only 0.1 per cent in April. Economists had forecast a 0.3 per cent rises in core inflation.

Even more heartening for bond market investors was the 0.3 per cent decline in retail sales in April, which suggested consumer demand is not going to lead to inflationary pressures. Economists had expected a gain of 0.1 per cent.

■ German bunds rallied on the back of bullish Treasuries. Liffe's June bund future closed at 96.79, up 0.49. In the cash market, the 10-year benchmark bund rose by 0.48 to 98.78, but failed to match the perfor-

GOVERNMENT BONDS

mance of the equivalent US note. The 10-year yield spread of Treasuries over bunds narrowed by 2 basis points to 36

French bonds also had a good day. Matif's June notional future closed at 123.42, up 0.42. The 74 per cent OAT due 2006 rose by 0.25 to 106.74, slightly underperforming the equiva-

Italian bonds had a third consecutive positive session on expectations of the formation of a new government but BTPs closed off their highs oo profit-taking. Liffe's June BTP future settled at 114.70, up 0.28 from Monday and 1.29 points higher than last Thursday.

The strength of the US dollar against the D-Mark was also a positive factor. In the cash market, the 10-year benchmark BTP closed at 99.77, up 0.32. The 10-year yield spread over bunds widened by 4 basis points to 333 points.

Bridgewater Associates, a US bond and currency management firm, said the tightening of Italian and French 10-year spreads over bunds "goes

Brothers said investors were

attracted to the bonds because

of the relatively high yield

spread and the expectation

widened to 3 basis points from 1 point on Monday. beyond [Emu-related] political analysis alone, and is rooted in more hasic macroeconomic fundamentals".

Economists at Bridgewater believe inflationary pressures to be moderate and suggest that the French and Italian central banks "have more easing room than the Bundesbank" and that at current levels French and Italian bonds "are close to fairly valued relative to German yields".

■ Spanish bonos rose despite the release of stronger than expected consumer price data The June hono future settled up 0.13 at 98.57. A 0.6 per cent rise in April's consumer price index was shrugged off as the data showed core inflation had fallen by 0.3 per cent to 3.9 per

■ UK gilts continued to trade quietly. Liffe's June long gilt future settled at 106%, up 18. The 7% per cent gilt due 2006 closed at 96%, up 1/2, yielding

7.99 per cent. Mr David Wileman, a gilt salesman at King and Shaxson, pointed ont that the market was trading at the top of the 104 to 107 range on the gilt

He believes that gilts have the potential to rally strongly if the 8 per cent level on the 10-year yield is breached deci-

Mr Wileman forecast a narrowing of the yield spread of gilts over bunds to 160 basis points in the near future and said it could narrow to around 100 basis points in the next 12 months. This spread stood at 168 basis points yesterday.

Italian bonds to be * made strippable

By Antonia Sharpe

The Italian Treasury is set to authorise the "stripping" of Italian government bonds from next year. The move is part of a broader reform of the Italian government bond market aimed at decreasing Italy'a borrowing costs.

Mr Vittorio Grilli, director general of the Italian Treasury's department of debt and privatisation, said yesterday stripping will be possible from the start of next year, when foreign investors become fully exempt from withholding tax on Italian government bonds. The change in the withholding tax will enable Italian gov-

ernment bonds to trade on a "gross yield" basis, which is a rerequisite for a strips mar-

Both the US and France have

due to introduce strips sometime next year.

Stripping is the process of separating a coupon-bearing bond into its individual coupon and principal payments, which can then be separately held and traded in their own right

as zero-coupon bonds. Strips are widely used by institutional investors, such as insurance companies and pen-sion funds, because they match liabilities more accurately than conventional bonds.

19日の記録がある。

EXCHANCE:

PONDON HOL

By creating a strips market -10-year Italian government bonds are likely to be the first candidates - the Italian Treasury should achieve its aim of seeing greater institutional involvement in the country's bond market, which is still dominated by domestic retail investors.

Sparkling debut by Wachovia **Bank of North Carolina**

By Antonia Sharpe

Wachovia Bank of North Carolina, the most highly-rated bank in the US after Morgan Guaranty, made a sparkling debut in the eurobond market yesterday when It raised \$500m through an offering of five-year

floating-rate notes. Thanks to Wachovia's efforts over several weeks to promote itself and its strong double-A credit to investors in the eurobond market, the offering sold

out quickly.
Indeed, the speed at which the notes were snapped up led some syndicate managers to suggest that they had been priced too cheaply, especially when compared to FRNs issued by Abbey National or Com-

At launch, the discounted margin on the notes was 4 basis points over Libor but by the end of the afternoon it had come in to 3 basis points. Lead manager Merrill Lynch said

WORLD BOND PRICES

the pricing had been arrived at after discussions with investors and added that it was unrealistic to expect a new borrower to achieve the same pricing as better-known issuers. Wachovia is the latest US bank to diversify its investor base by tapping the international bond markets. The eurobond market is currently offer-

INTERNATIONAL BONDS

ing competitive funding levels to US banks which have traditionally relied on their domestic bond market for wholesale funding.

The other prominent deal of the day was a debut yen global bond offering from Fannie Mae, the US mortgage agency. Lead manager Nomura said the Y100bn three-year offering was the largest in the euroven sector since November 1994, when the World Bank raised

Y200bn through a 10-year global bond offering. However, unlike the World Bank's offering, more than half of which was sold into Japan, there was only limited Japanese interest in Fannie Mae's bonds hecause of the small pick-up over the yield on Japa-

nese government bonds. Instead, the main demand for the offering came from Asian central banks and institutional

investors in the region. Fannie Mae's bonds are due to be priced today to yield 7 or 8 basis points over Japanese government bonds. The short maturity of the issue matched Fannie Mae's mortgage obligations. The proceeds of the offering are thought to have been swapped into dollars.

Elsewhere, Korea Development Bank duly issued its widely-expected \$750m 10-year global bond offering which will be priced today to yield between 74 and 76 basis points over US Treasuries.

NEW INTERNATIONAL BOND ISSUES Borrower US BOLLARS Korea Development Bank(s) Wachovis Bit of Nth Carolinat National Australat Bank Morgan Stanley Group(s): Total Access Convn(d)§ NationsBank Corp(s); (a)(8%%-06) CSFB/Lehmen Brothers Merrill Lynch Internatio +14(5%-%-98) M Stanley/Tokyo-Mitsu 99,825R May 2002 0,275R +14/8%-021 Bavert B/Lehman Brothers Federal National Mtg Associt Dec 1999 0.15R (f(5.1%-93) Merrill Lynch/Nomura Int LUXEMBOURG FRANCS Care Bank 102.25 Jun 2001 1.75 BCEE/Cere Bank ITALIAN LIRE BNL/HSBC/San Paolo, Turin 8.50 101.245 Jun 1989 1.375 Bayerische Vereinsbenk 300bn PESETAS ALISTRALIAN DOLLARS Republic of Portugal(t)* 99.67 Jan 2000 0.80 SOUTH AFRICAN RAND 16.50 101.07 Jun 1999 1.50 CZECH KORUNA 11.00 100.00R May 1997 0,15R

Final terms, non-callable unless stated, Yield spread (over relevant government bond) at launch supplied by lead manager, wUnlisted. §Convertible. 2: Floating-rate note. §Semi-annual coupon. R: foad re-ofter price; fees shown at re-offer level. 2) Priced today 74-76bp over Treasuries. (b) 3-mth Libor fac. c) Callable from Dec 1987 at par, c) 3-mth Libor -25bp, d) Rising star this week conversion prartism indicased 15-1994, Callable from May 1989 with 2 yrs of 140% exception. Puttable in May 2001 at 75-125bp over Treasuries. Greenshos: §S0m. e) Fungible with \$160m. Plus 9 days accrued. e1) 3-mth Libor +20bp. f) Priced later 7-8bp over JG8s. I) Lead manager Lehman that Korea would join the

FT-ACTUARIES FIXED INTEREST INDICES

121,33 146,22 161,21 165,36 141,50

basis points,

Up to 5 years (25) 5-15 years (19) Over 15 years (9) irreductionables (6)

6 Up to 5 years [1]

Commerzbank re-opened the OECD by the end of the year, euro-rand sector with a R125m which should cause the spread issue of three-year eurobonds would tighten in hy up to 15 with a hefty coupon of 15.5 per

121.19

0.12

cent led by Hambros Bank.

2.05 2.97 3.77 5.19 2.79

3.78 5 yrs 3.56 15 yrs 3.48 20 yrs 1.47 kred.† 3.67

Cades loan expected to set record in pricing

— Low coupon yield — - Medium coupon yield — - High coupon yield — May 14 May 13 Yr. ago May 14 May 13 Yr. ago May 14 May 13 Yr. ago

8.07 6.19 6.19

7,61 8,28 8,32

May 14 May 13 Yr. ago

1,34 3,61

7.55 8.24 8.30

By Samer Iskandar

The FFre0bn loan to Cades, the French governmental instituaccumulated debts of the social security system, is likely to set

a record in pricing.

The deal will come in two tranches. The first tranche, totalling FFr20bn, will mature in one year and will cost the borrower a margin of around 4 basis points over Pibor, the Paris three-month interbank offered rate.

The other, FFr40bn tranche will be a five-year loan with a margin believed to be 6 basis points over Pibor, Although the margins seem tight, additional pressure on fees is also likely. One UK bank official said Cades was negotiating 'very small fees, if any"

The two French banks among the six arrangers, BNP and CNCA, are expected to raised before June 28.

7,52 8,22 8,29 9,36

2.85 2.67

8.12 8.12

May 14 May 13 Yr. ago

7.51 9.19 8.26

take on up to FFr20bn, leaving around FFr40bn to be raised in syndication.

BNP and UBS will be joint book-runners; J.P. Morgan will be in charge of documentation; CNCA will be facility agent; and Dresdner and NatWest will be arrangers.

A large number of banks are showing interest in the deal, which was recently assigned a zero credit risk weighting by the Bank of England and other European central banks.

The Bank of England said it had reached this decision after examining the structure of the guarantee granted to Cades hy the government and confirming that the new entity was considered by the French authorities as "part of the cen-

tral government". The deal is expected to go into syndication on Friday and the total amount has to be

Benchmai	ek Goy		ENI BU	una -				LAIGUES	ONLINOWS	MLLE) N	<i>(</i> 250,000 p	oints of 100	756	
	Coupo	Red	Price	Day's	Yield and		Strike			ULS	S4c	h	- PUTS -	
ustralia	10,000		108.0920	+0.350			Price 9663	Jun 0.47	10E.0	Aug 0.58		Jun 3	M Aug 89 1.19	
ustria ustria	6,125		97,8000	+0.170	6.77 8.85 6.43 6.54		9700	0.20	0.20	0.38	0.55	1.41 1.2	33 1.51	1.88
elglum	7.000	05/06	102,3000	+0.220	6.68 6.76	6.68	9750	0.07	0.11	0.24		1.78 1.3		2.09
lanada ' lenmark	6,750		106,6300	+0,580	7.73 7.96 7.39 7.43		Est. VOL 10	-, Cada 223	n run 121	JU. PTOMOU	CHARL CORU	FR. CAM 2	44510 Puts 16	1100
rance BT/	AN 5.750	03/01	100.7500	+0.130	5.55 5.60	5.66	Italy							
	AT 7.250 6.250		105,7400	+0.250	6.45 6.5			NAL ITALL	AN GOVT.	BOND E	TE FUTUR	RES		
lermeny Bund eland	8.000		98.7800	+0.480	6.42 9.54 7.51 7.75			Lins 200m						
19 ⁸ y	9.500	02/06	89.7700	+0.320	9.53† 9.6	10.46		Open	Sett price	e Cherro	e High	Low	Est. voi	Open Int
apan No 1			118,7021	-0.170	2.48 2.5		Jun	114.55	114.70	+0.28	114.95		42456	84830
No 1-	82 3.000 9.000	09/05	97.7600	+0.440	3.42 3.41 6.31 6.46		Sep	114.00	114,06	+0.27	114.20		962	2270
ortugal	11.875	02/05	116.6200	+0.070	9.03 9.07	9.30	E ITALIA	N GOVT. B	OND (BITP	FUTURE	S OPTION	S (LIFTE) U	na200m 100	this of 1001
pain weden	6,800 6,000		97.9500 85.3070	+0.610	6.18 9.23 8.44 8.60		Strike	-	c/	ULS			- PUTS	
ik Gilta	8.000		102-13	+7/32	7.36 7.5		Price		-Jriu	S	a to	Jun		Sep
	7,500	12/06	96-16	+16/32	7.99 8.2	8.05	11460		1.67	1,7		0.47		2.18
IS Treasury	9.000 8.873	10/08 05/06	107-01 101-18	+21/32	5.42 6.87		11500 17860		0.43 0.25	1.5		1.05		2.47 2.73
	6.000		89-05	+24/32	6.86 7.00	6.82							8 Puts 10414	
CU (French Gov	7.500	04/05	104.0700	+0.450	6.87 6.90	6.97								
ondon closing, "Ne					Yelds Local m	eriest stondard.	Spain							
Gross finaliding w			core payeble	uy normani		il) international	MOTTO	NAL SPAN	SH BOND	FUTURE	S (MEFF)			
								Open	Sett price	_	-	Low	Est. vol.	Open in
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atest			Treasur	y Bills and E			Sep	96.02	98.03	+0.06	96.031	97.94	27	164
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refer toen rate	= 57	Torse month		5.15 Flor	Yes	6.38 6.38 6.85	NOTIO	NAL UX GI						
ed.hada al interventi	OTL. 54	One year		5.31 10- 5.57 30-	per per	6.85		Open	Sett prior		_	Low	Est. vol	Open int
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							Sep M LONG	105-12 GILT FUTU	105-20 RES OPTI	+0-19 DNS (LEFF	105-20		787	1148
							_							
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JAD FOI			INITIO				107	0-19	0-27			43 1-5		2-26
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NOTIONAL FE				_			Ecu							
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un 123.	06 123.4			_										
Sep 121.						158,552		Open	Sett price			Low	Est. vol.	
Dec 120	58 121.9	6 +0.3	38 121.9	2 121.5	8 1,236	12,367	Jun		Setz price 91.28	+0.36	91,32	Low 91.12	Est. vol. 557	Open int. 6.922
Dec 120.	58 121.5 32 120.5	6 +0.3 70 +0.3	38 121.9 32 120.5	2 121.5 0 120.3	8 1,236		Jun	Open						
LONG TERM	58 121.5 32 120.5 FRENCH BO	6 +0.3 70 +0.3 2NO OPTIO	38 121.9 32 120.5	2 121.5 0 120.3	8 1,236 2 490	12,367		Open						
LONG TERM I	58 121.5 32 120.5 FRENCH BO	6 +0.3 70 +0.3	38 121.9 32 120.6 38 (MATIF)	2 121.5 0 120.3	8 1,236	12,367	US	Open 91.12	91.28	+0.36	91.32	91.12	557	
LONG TERM	58 121.3 32 120.3 FRENCH BO	6 +0.3 70 +0.3 2NEO OPTK	38 121.9 32 120.5	2 121.5 0 120.3	8 1,236 2 490	12,367 6.483	US	Open 91.12 EASURY BO	91.28 OND FUTU	+0.36 RES (CBT)	91.32	91.12 32nds of 10	557 22%	6,622
LONG TERM (Strike Price 20 21	58 121.5 32 120.5 FRENCH BO	6 +0.3 70 +0.3 200 OPTK CALLS Jul 1.37	38 121.9 32 120.6 3NS (MATIF) Sep	2 121.5 0 120.3) Jun 0.02 0.04	8 1.236 2 490 	12,367 6,483 Sep 0.54 0.93	US E US TRE	Open 91.12 EASURY BO	91.28 PUTU	+0.36 RES (CET) Change	91.32 \$100,000 High	91.12 32nds of 10	567 00% Est. vol.	6,922 Open int.
LONG TERM (Strike Price 20 21 22	58 121.5 32 120.5 FRENCH BC	66 +0.3 70 +0.3 2NEO OPTK CALLS Jul 1.37 0.74	58 121.9 32 120.5 ONS (MATIF) Sep - 1.22	Jun 0.02 0.10	8 1,236 2 490 	12,367 6,483 Sep 0,54 0,93 1,32	US E US TRE	Open 91.12 EASURY BO Open 108-28	91.28 PHID FUTU Latest 109-19	+0.36 RES (CBT) Change +0-23	91.32 \$100,000 High 109-23	91.12 32nds of 10 Low 108-26	557 20% Est. vol. 159,197	6,922 Open int. 374,075
LONG TERM (Strike Price 20 21 22 23	58 121.5 32 120.5 FRENCH BC	06 +0.3 10 +0.3 080 OPTK CALLS Jul 1.37 0.74 0.34	38 121.9 32 120.6 38 (MATIF) Sep - 1.22	Jun 0.02 0.04 0.10 0.27	8 1.236 2 490 	12,367 6,483 Sep 0.54 0.93	US E US TRE	Open 91.12 EASURY BO	91.28 PUTU	+0.36 RES (CET) Change	91.32 \$100,000 High	91.12 32nds of 10 Low 108-26 108-10	567 00% Est. vol.	5,922 Open int. 374,075 45,261
LONG TERM (Strike Price 20 21 22	58 121.5 32 120.5 FRENCH BC Jun 2.43 1.50 0.69 0.19	06 +0.3 00 +0.3 00 OPTK CALLS Jul 1.37 0.74 0.34 0.12	88 121.9 32 120.6 ONS (MATIF) Sep 1.22	2 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81	8 1.235 2 490 	12,367 6,483 Sep 0,64 0,93 1,32	US E US TRU Aun Sep	Open 91.12 EASURY BO Open 108-28 108-14	91.28 OND FUTU Latest 109-19 109-02	+0.36 RES (CBT) Change +0-23 +0-23	91.32 \$100,000 Hegh 109-23 108-07	91.12 32nds of 10 Low 108-26 108-10	557 20% Est. vol. 159,197 2,450	6,922 Open int. 374,075
LONG TERM (Strike Price 20 21 22 22 23 24	58 121.5 32 120.5 FRENCH BC Jun 2.43 1.50 0.69 0.19	06 +0.3 00 +0.3 00 OPTK CALLS Jul 1.37 0.74 0.34 0.12	88 121.9 32 120.6 ONS (MATIF) Sep 1.22	2 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81	8 1.235 2 490 	12,367 6,483 Sep 0,64 0,93 1,32	US TRU	Open 91.12 EASURY BO Open 108-28 108-14	91.28 OND FUTU Latest 109-19 109-02	+0.36 RES (CBT) Change +0-23 +0-23	91.32 \$100,000 Hegh 109-23 108-07	91.12 32nds of 10 Low 108-26 108-10	557 20% Est. vol. 159,197 2,450	5,922 Open int. 374,075 45,261
ILLONG TERM I Strike Price 20 21 22 22 23 24 st. vol. total, Cells	58 121.5 32 120.5 FRENCH BC Jun 2.43 1.50 0.69 0.19	06 +0.3 00 +0.3 00 OPTK CALLS Jul 1.37 0.74 0.34 0.12	88 121.9 32 120.6 ONS (MATIF) Sep 1.22	2 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81	8 1.235 2 490 	12,367 6,483 Sep 0,64 0,93 1,32	US a US TRI Sep Dec Japan	Open 91.12 EASURY BO Open 108-28 108-14 107-26	91.28 PAID FUTU Latest 109-19 109-02 109-17	+0.36 RES (CBT) Change +0-23 +0-23 +0-23	91.32 \$100,000 Hegh 109-23 109-07 106-17	91.12 32nds of 10 Low 108-26 108-10 107-12	557 20% Est. vol. 159,197 2,450 30	5,922 Open int. 374,075 45,261
IL LONG TERM I Strike Price 20 21 22 23 24 31, vol. total, Colle Germany	58 121.5 32 120.5 FRENCH BC Jun 2.43 1.50 0.69 0.19	06 +0.3 00 +0.3 00 OPTK CALLS Jul 1.37 0.74 0.34 0.12	38 121.9 22 120.8 2NS (MATIF) 	Jun 0.02 0.04 0.10 0.27 0.81 0.04 0.10	8 1.236 2 490 	12,367 6,463 Sep 0,54 0,93 1,32 -	LES THE Sep Dec Japan	Open 91.12 EASURY BO Open 108-28 108-14	91.28 PAID FUTU Latest 109-19 109-02 109-17	+0.36 RES (CBT) Change +0.23 +0.23 +0.23	91.32 \$100,000 Hegh 109-23 109-07 106-17	91.12 32nds of 10 Low 108-26 108-10 107-12	557 20% Est. vol. 159,197 2,450 30	5,922 Open int. 374,075 45,261
ILLONG TERM I Strike Price 20 21 22 23 24 31, vol. total, Colle Germany I NOTIONAL GE	58 121.5 32 120.3 PRIENCH BC	06 +0.3 00 +0.3 00 +0.3 00 +0.3 00 +0.3 00 +0.3 1.37 0.74 0.12 22,076 . Pri	88 121.9 12 120.8 20 120.8 20 120.8 30 (MATIF)	Jun 0.02 0.04 0.02 0.04 0.10 0.27 0.81 0.091 int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - - - - - - - - - - - - - - - - - -	LES THE Sep Dec Japan	Open 91.12 EASURY BO Open 108-28 108-14 107-26	91.28 PAID FUTU Latest 109-19 109-02 109-17	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE	91.32 \$100,000 High 109-23 108-07 106-17	91.12 32nds of 10 Low 108-26 108-10 107-12	557 20% Est. vol. 159,197 2,450 30	5,922 Open int. 374,075 45,261
ILLONG TERM I bridge 20 21 22 22 23 24 31, vol. social, Colle Germany I NOTIONAL GE	58 121.5 32 120.3 PRENCH BK 2.43 1.50 0.69 0.19 13.122 Puts PRIMAN BUR On Sett pr	1.57 0.74 0.34 0.34 0.34 0.12 22.076 Pritural	38 121.9 32 120.8 30NS (MATIF) Sep 1.22 0.43 avious day's o	121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 0.081 0.081 0.081 0.081 0.081	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 	LES THE Sep Dec Japan	Open 91.12 EASURY BO Open 108-28 108-14 107-26 NAL LONG Y100m 100	91.28 PAID FUTU Latest 109-19 109-02 109-17 TERM JA	+0.36 RES (CBT) Change +0.23 +0.23 +0.23	91.32 \$100,000 High 109-23 108-07 106-17	91.12 32nds of 10 Low 108-26 108-10 107-12	557 20% Est. vol. 159,197 2,450 30	6,922 Open int. 374,075 45,261 7,481
IL LONG TERM I Strike Price 20 21 22 23 24 31, vol. total, Cells Germany I NOTIONAL GE Un 96.	58 121.5 32 120.3 PRENCH BK Jun 2.43 1.50 0.69 0.19 13.122 Puts PRIMAN BUILDIN Sett puts 99 96.75	1.57 O.74 O.34 O.12 22,076 Primer De Chan	88 121.9 32 120.8 32	22 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 open int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - - - - - - - - - - - - - - - - - -	LIS TRU LIS TRU Sep Dec Japan NOTION (LIFFE)	Open 91.12 EASURY 80 Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73	91.28 DND FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100.000 High 109-23 109-07 106-17	91.12 32nds of 10 Low 103-26 108-10 107-12 ND FUTUR Low 117.88 115.73	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3283 1287	6,922 Open int. 374,975 45,261 7,461
IL LONG TERM I Strike Price 20 21 22 23 24 st. vol. 20st, Celle Germany I NOTIONAL GE Up 96.	58 121.5 32 120.3 PRENCH BK Jun 2.43 1.50 0.69 0.19 13.122 Puts PRIMAN BUILDIN Sett puts 99 96.75	1.57 O.74 O.34 O.12 22,076 Ph.	88 121.9 120.8 120	22 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 open int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - 3 183,911 Open wt. 171793	LIS TRU LIS TRU Sep Dec Japan NOTION (LIFFE)	Open 91.12 EASURY BC Coen 108-28 108-14 107-26 NAL LONG VY00m 100 Open 117.90	91.28 DND FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100.000 High 109-23 109-07 106-17	91.12 32nds of 10 Low 103-26 108-10 107-12 ND FUTUR Low 117.88 115.73	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3283 1287	6,922 Open int. 374,975 45,261 7,481
LONG TERM I Strike Price 20 21 22 23 24 st. vol. 2021, Cells Germany NOTIONAL GE un 96.3	58 121.5 32 120.5 FRENCH BK	66 +0.3 60 +0.3 600 OPTIK CALLS Jul 1.57 0.74 0.34 0.32 22,076 - Pri Chan 1 +0.6	88 121.9 120.8 120	22 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 open int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - 3 183,911 Open wt. 171793	LIS TRU LIS TRU Sep Dec Japan NOTION (LIFFE)	Open 91.12 EASURY 80 Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73	91.28 DND FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100.000 High 109-23 109-07 106-17	91.12 32nds of 10 Low 103-26 108-10 107-12 ND FUTUR Low 117.88 115.73	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3283 1287	6,922 Open Int. 374,975 45,261 7,481 Open Int. 0
IL LONG TERM I Strike Price 20 21 22 23 24 31, vol. total, Cells Germany I NOTIONAL GE Un 96.	58 121.5 32 120.5 FRENCH BK	66 +0.3 60 +0.3 600 OPTIK CALLS Jul 1.57 0.74 0.34 0.32 22,076 - Pri Chan 1 +0.6	88 121.9 120.8 120	22 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 open int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - 3 183,911 Open wt. 171793	LIS TRU LIS TRU Sep Dec Japan NOTION (LIFFE)	Open 91.12 EASURY 80 Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73	91.28 DND FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100.000 High 109-23 109-07 106-17	91.12 32nds of 10 Low 103-26 108-10 107-12 ND FUTUR Low 117.88 115.73	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3283 1287	6,922 Open Int. 374,975 45,261 7,481 Open Int. 0
LONG TERM I Strike Price 20 21 22 23 24 st. vol. 2021, Cells Germany NOTIONAL GE un 96.3	58 121.5 32 120.5 FRENCH BK	16 +0.3	88 121.9 120.6 20 120	22 121.5 0 120.3) Jun 0.02 0.04 0.10 0.27 0.81 open int. Cal	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - 3 183,911 Open wt. 171793	LIS TRU LIS TRU Sep Dec Japan NOTION (LIFFE)	Open 91.12 EASURY 80 Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73	91.28 DND FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100.000 High 109-23 109-07 106-17	91.12 32nds of 10 Low 103-26 108-10 107-12 ND FUTUR Low 117.88 115.73	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3283 1287	6,922 Open Int. 374,975 45,261 7,481 Open Int. 0
LONG TERM I bridge 20 21 22 23 24 31, vol. total, Calle 30 30 30 30 40 51, vol. total, Calle 30 51, vol. total, Calle 30 51, vol. total, Calle 30 51, vol. total, Calle 30 51, vol. total, Calle 30 30 30 30 30 30 30 30 30 30 30 30 30	58 121.5 32 120.5 FRENCH BK	16 +0.3	88 121.9 120.6 20 120	Jun (127,500 120.3) Jun (107,000 100 100 100 100 100 100 100 100 100	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - - - - - - - - - - - - - - - - - -	LISTE AND THE	Open 91.12 Coen 108-28 108-14 107-26 NAL LONG 7100m 100 Open 117.90 116.73	S1.28 CND FUTU Latest 109-19 109-02 109-17 TERM JA TERM JA Close	+0.36 RES (CBT) Change +0-23 +0-23 +0-23 PANESE 14	91.32 S100,000 High 109-23 106-07 105-17 907-7. BOI Pagh 116,04 115.39 great figs. ser	91.12 32nds of 10 Low 105-26 108-10 107-12 ND FUTUR Low 117.88 115.73 v for overload	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3293 1287 4 day.	6,922 Open int. 374,075 45,251 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 23 24 31, vol. total, Calle 30 30 30 30 40 51, vol. total, Calle 30 51, vol. total, Calle 31 40 51, vol. total, Calle 40 51, vol. total, Calle 40 40 51, vol. total, Calle 40 40 40 40 40 40 40 40 40 40 40 40 40	58 121.5 32 120.3 PRENCH BK Jun 2.43 1.50 0.69 0.19 13.122 Puts 2.634AN BUIN 3 96.73 1.50 96.75 1.50 1.50 1.50 1.50 1.50 1.50 1.50 1.5	66 +0.3 60 +0.3 600 OPTIK CALLS Jul 1.57 0.74 0.34 0.32 22,076 - Pri Chan 1 +0.6	88 121.9 120.6 20 120	Jun (127.5) Jun (1	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - - - - - - - - - - - - - - - - - -	LISTE AND THE REST PROPERTY.	Open 91.12 Coen 108-28 108-14 107-26 NAL LONG 7100m 100 Open 117.90 116.73	S1.28 CHIZ FUTU Latest 109-19 109-02 109-17 TERM JA ths of 100 Close close and on APT //	+0.36 RES (CETT Change +0-23 +0-23 +0-23 -0-23 Change	91.32 S100,000 High 109-23 106-07 105-17 907-7. BOI Pagh 116,04 115.39 great figs. ser	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,281 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 23 24 st. vol. sosat, Colic Germany NOTIONAL GE Gep 95:4 UK GILTS	58 121.5 32 120.5 PRENCH BK Jun - 2.43 1.50 0.59 0.19 13.122 Puts PRIMAN BUR 98.75 13 95.75 13 95.75 13 95.75 14 15 15 15 15 15 15 15 15 15 15 15 15 15	16 +0.3 16 +0.3 16 +0.3 16 +0.3 16 16 16 16 16 16 16 16 16 16 16 16 16	88 121.9 120.8 120	Jun 0.12 121.5 0 120.3 0 120.3 0 120.3 0 120 0.04 0.10 0.27 0.51 0.00 100 0.27 0.51 0.00 100 0.27 0.51 0.00 100 0.25 0.00 0 120 0.00 100 0.25 0.00 0 120 0.00 100 0.25 0.00 0 120 0.00 100 0.00 0.00 100 0.00 100 0.00 100 0.00 100 0.00 100 0.00 100 0.00 100	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - 3 183,841 Open wit. 171793 21032	Japan Nono Sep Dec Japan Nono Life Non Sep - Life Red Proc S 794 103,4	Open 91.12 EASURY BC Open 108-26 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73 mg abso trade - 52 1064 - 13 1064	91.28 PAID FUTU Latest 109-19 109-02 109-17 TERMI JA this of 100 Close	+0.36 RES (CST) Change +0.23 +0.23 +0.23 +0.23 Change	91.32 S100,000 High 109-23 109-07 108-17 108-17 116.04 115.29 rest figs. an	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,281 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 23 24 st. vol. sotal, Colic Germany NOTIONAL GE LIP 96.3 LIP 95.4 UK GILTS LIP 1961 LIP 1962 LIP 1963 LIP 1964 LIP 1965 LIP 1965 LIP 1966 LI	58 121.5 32 120.5 32 120.5 32 120.5 32 120.5 32 120.5 31.50 0.59 13.122 Puts 275MAN BUTP 39 96.75 39 95.87 275MC int 13.22 0.52	66 +0.3 60 +0.3 60 OPTIK CALLS Jul 1.57 0.74 0.34 0.32 22.076 Pn DE Chem 1 +0.6 604 100Add 538 2194	88 121.9 120.8 120	Jun 20.3 120	8 1.236 2 490 	12,367 6,483 Sep 0,54 0,93 1,32 - - - - - - - - - - - - - - - - - - -	Japan Japan Nomo UFFE Jun Sep TIFFE was Test 103,5 1.96 8612	Open 91.12 EASURY BC Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73 res asso tracte - 32 10 118 - 34 10018	91.28 PAID FUTU Latest 109-19 109-07 TERM JAN Close d on APT / Low 9933 45	+0.36 RES (CBT) Change +0.23 +0.23 +0.23 Change Change A Open No. Declinated SP 2011	91.32 \$100,000 High 109-23 108-07 108-17 108-17 Pagn 116.04 115.29 rest figs. an	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,261 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 23 24 24 24 24 25 VOL 2012, Colic Central Price Pr	58 121.5 32 120.5 FRENCH BK FRENCH BK 1.50 0.69 0.19 13.122 Puts FRENAN BUILT Sett p 96.75 3 96.75 3 95.87	16 +0.3 +0.3 -0.3 -0.3 -0.3 -0.3 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7	88 121.9 120.8 20 120	Jun (0.02 0.04 0.10 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.27 0.51 0.00 0.00 0.00 0.00 0.00 0.00 0.00	8 1.236 2 490 	12,367 6,483 Sep 0,64 0,93 1,32 - - - - - - - - - - - - - - - - - - -	Japan Japan Nomo UFFE Jun Sep Tuffe Nomo 11FFE Nom Sep 11FFE Nom Sep 11FFE Nom Sep 11FFE Nom Sep	Open 91.12 EASURY 80 108-28 108-14 107-26 NAL LONG 7100m 100 Open 117.90 116.93 mg atno trace -31 1093 -31 1093 -31 1093	91.28 OND FUTU Latest 109-19 103-02 100-17 TERM JA this of 100 Close 100 00 APT / 100 993 445 941 27	+0.36 RES (CBT) Change +0.23 +0.23 +0.23 +0.23 Change Change In Change	91.32 \$100,000 High 109-23 106-07 106-17 Poph 116,04 115,29 From figure	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,281 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 23 24 st. vol. total, Cells Germany NOTIONAL GE un 96.3 dep 95.4 UK GILTS Manual Strike up to F ach 134 up 19964. ansa 2pc 1996 ontersion 10pc 1996.	58 121.5 32 120.5 FRENCH BK Jun	16 +0.3 +0.3 -0.3 -0.3 -0.3 -0.3 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7	88 121.9 120.8 20 120	Jun (127.5) Jun (1	8 1.236 2 490	12,367 6,483 Sep 0,54 0,93 1,32 - - - - - - - - - - - - - - - - - - -	US # US TRU Sep Dec Japan NOTION (UFFE) Jun Sep - UFFE www 1984 1984 801 99-1 801 99-1 801 789 11984	Open 91.12 EASURY BC Open 108-28 108-14 107-26 NAL LONG Y100m 100 Open 117.90 116.73 res asso tracte -13 1013 -13 1004 -14 1043 -14 1043	91.28 PAID FUTUU Latest 109-19 109-02 109-17 TERM JA TERM JA Close 9013 45 913 47 9513 47 1174 9514 47 1174 47 1174	+0.36 RES (CBT) Change +0.23 +0.23 +0.23 +0.23 Change Change Change Set Well Set	91.32 \$100,000 Hegh 109-23 109-07 108-17 108-17 116.04 115.29 From Figu. and From Fi	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,281 7,481 Open int. 0
LONG TERM I Strike Price 20 21 22 24 St. vol. total, Cells Germany NOTIONAL GE Opp UK GILTS Market Gleen up to F sch 134-pc 19961; ans 2pc 1996 onwerske 10pc 1996; cost 104-pc 1997; cost 1097; 1998; 1998; 1	58 121.5 32 120.5 FRENCH BK Jun	16 +0.3 +0.3 -0.3 -0.3 -0.3 -0.3 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7	88 121.9 120.8 20 120	Jun (127.5) Jun (1	8 1.236 2 490	12,367 6,483 Sep 0,54 0,93 1,32 	US LUS 780 Sep Dec Japan NOTION LUFFE NOTION Red Provs C. 7 94 103.4 1.95 961; 2.97 963 801 99.5 801 100 7.83 1198 805 1034 806 1034 806 1034	Open 91.12 91.12 02en 108-28 108-28 107-26 107-26 NAL LONG 7100m 100 Open 117.90 116.73 116.73 -31 1081 -31 1081 -31 1081 -31 1081 -31 1081 -31 1081 -31 1081	91.28 PAID FUTU Latest 109-19 109-07 108-17 TERM JAN Close 109-13 45 109-13 45 109-13 109-13 109-13 109-13 109-13 109-13 1173 25-25 25-25 2	+0.36 RES (CST) Change +0.23 +0.23 +0.23 -0.23 Change	91.32 \$100,000 Hegh 109-23 106-07 106-17 Poph 116,04 115,89 From figure	91.12 32rids of 10 Low 105-26 106-10 107-12 ND FUTUR 117.83 115.73 to prefera	557 20% Est. vol. 159,197 2,450 30 Est. vol. 3233 1287 y day.	6,622 Open int. 374,075 45,281 7,481 Open int. 0
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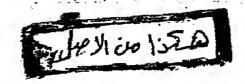
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CURRENCIES AND MONEY

MARKETS REPORT

Buoyant US asset prices help push dollar higher

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The dollar yesterday rallied close in a 16 counth high against the D-Mark following the release of weeker than expected US inflation and retail sales data which prompted a raily in bond and

equity prices. It was also helped by general D-Mark weakness, prompted in part by concern over labour unrest in Germany. The dollar closed in London at DM1.5368, from DM1.5336, and at Y105.95, from Y104.97

Elsewhere, the lira and Swedish krona were the main heneficiaries of the weaker D-Mark. The krona reached its strongest level against the D Mark since January 1993. helped by optimism about ing hand coarket. The lira reached a 19 month high of L1,011.25, before finishing at L1,014. The krona closed at SKr4.401, from SKr4.423.

Markets were generally

POUND SPOT FORWARD AGAINST THE POUND

1.5142 1.5102 2.0719 11.2201

+0.0012 129 · 155 +0.0048 096 - 108 -0.0014 709 - 727 -0.0822 119 · 283

quiet, with attention focused on the release of the US trade figures at the end of the week. The release today of economic growth figures by the Euro-pean Commission will also be closely watched for indications nf the progress being made towards oceeting the Maastricht convergence criteria. The pound finished at

\$1.5153, from \$1.5141. The South African rand continued to rally, finishing at R4.32 against the dollar, from R4.37. This allowed Mr Trevor Manuel, the new finance minister, to tell parliament in Cape Town that "This deemed crisis, I assure you, will soon pass."

DM2.3287, from DM2.322, and at

■ Currency markets remain finely balanced. According to

> ··· Latest· · · 1.5150 1.5145 1 5136 1 5122 1.5081 15141 1 5127 1.5089

1.5178 1.5128 1.5127 1.5080 2.0762 2.0668

11,2735 11,2100

Mr Avinash Persaud, currency strategist at JP Morgan in London, we are living in a "much more dollar friendly world". It is also a new world; last time yields on US treasuries rose by more than 100 basis points, in 1994, the dollar fell by ten per cent. This year, however, a similar conve in hond yields has been accompanied by a seven per cent rally.

"The dollar is supported by higher yields and that makes the outlook for the currency more favourable." he said. He did concede, though, that the firm dollar scenario faced two related risks: how to react to the German public sector unrest, and the potential for an outhreak of EMU pessimism,

which would broy the D-Mark. The two events - public sector unrest in Germany, and the economic and fiscal health of EU members - are related. Mr Stephen Lewis of the London Bond Broking company high-lights the problem: "The backlash against the policy of hud-

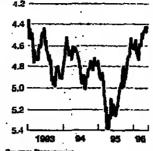
-1.3

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One month Three months One year Bank of Rate %PA Rate %PA Eng Index

2.0711 0.4 2.0675 0.8 2,0594 0,5

Against the D-Mark (SKr per DM)



Germany...(hut)...EU member governments will only sustain the hope of meeting Maastricht hudget targets by imposing ever more stringent fiscal mea-sures ...(which)...will depress activity rates further,"

In Germany the ambitinus hudget savings package of Mr Theo Waigel, the finance min-ister, includes a two year wage

10.9149 31.6000 5.9305 4.7633 5.1998 1.5388

Europe Austria Belgium Denmark Finland France Germany Greece Ireland Italy Norway Portugal Spain Sweden Switzerland UK Ecu SDR†

DOLLAR SPOT FORWARD AGAINST THE DOLLAR.

union is pushing for a 4.5 per cent increase. The govern-ment's choice is between backtracking from its target, or perhaps facing industrial unrest.

Mr Lewis argues that European forex and bond markets have made the mistake of "equating the undoubted truth that EMU will eventually depend on political decisions with the belief that it is a done deal. The politicians have not begun to face up to the choices which Europe's "growth recession" will impose on them. When markets realise this, convergence of European currencies and interest rates is

likely to break down." Mr David Hale, chief economist at Zurich Kemper Investments in Chicago, says Bundesbank nfficials have doubts about the viability of a single currency, but cannot stop Chancellor Kohl without some "exogenous political shnck" which erodes his power

actively resisting the introduction of the Euro, many Bundes-bank officials have decided to encourage a gradual devalua-tion of the D-Mark in order to lessen the support of Germa industry for switching to a ne

European currency."
With foreign investors hol ing nearly 40 per cent of Ges many's public debt, this pro-cess cannot be taken too far But he believes the Bundes bank would be happy to toler ate a 10-15 per cent declin against the dollar and the yer Mr Lewis maintains that th Bundesbank is nn couch stron ger ground opposing EMU that it was when overruled by M Kohl on the subject of Germa currency unification.

May 14	2	5
Creck Rp	41.6704 - 41.7075	27.5070 - 27.5170
Hungary	225.225 - 225.506	148.680 - 148.780
iran i	4543.50 - 4547.10	3000.00 - 3000.00
Komad	04543 - 04547	0.2999 · 0.3000
Potend	4.0334 - 4.0378	2.6625 - 2.8640
Augsta .	7527.54 - 7536.06	4969.00 - 4972.00
UAE	5.5641 - 5.5673	3.5729 - 3.6731

ag	hitinus e of Mi ce min ar wage	c Chan exog which	cellor i enous erode	Cobl wi politic s his po	nnot s thout s cal shower. Machia	ome ock"	Crect Ry Hungary Iran Koured Potenti Russia U.A.E.	225.22 4543.1 0.454 4.033 7527.5	5 - 225.500 50 - 4547.10 53 - 0.4547 54 - 4.6378	3000.0 0.299 2.662 4969.0	0 - 27.5178 0 - 148.780 0 - 3000.00 9 - 0.3000 5 - 2.8540 0 - 4972.00 9 - 3.6731	Belgan Darish D-Mark Duten G Franch Portugu Spanish Stefino	Krone Suilder Franc ese Esc.
ЭĀ	WARD	AGAINS	T THE	DOLLA	λP.							Swiss F Can. Do	
o Int	Change on day	Bid/offer spread	Day	s mid	One m	onth %PA	Three m	oriths %PA	One ye		.P Morgan	US Dot	
n II.	Can Gay	shream	high	IOW	rene	70174	Rete	TOPA	Rate	%PA	HICHEX	Yen Asian Si	Sino 2
49		124 - 173		10.7780					10,5899	2.3	104.5	Short ter	no rates ore
00		800 - 200		31,4300			31.43	2.2	30.89	2.2	106.3	S THR	EE WONL
05		290 - 320					5,908	1.7	5.837	1.6	106.4	1	Oper
33		598 - 668					4.7448	1.6	4,6993	1.3	81.7	Jun	96.0
98		995 - 000					5.1786	1.6	5.1108	1.7	108.4	Sep	96.0
68		365 - 371		1.5315			1.5285	2.1	1,5003	2.4	107.4	Dec	95.9
60		270 - 450		242,670			248,385	-8.3	262.38	-7.8	66.6		83.0
05 68		600 - 910		1.5585		-0.4	1.5616	+0.4	1.5534	0.5	:		
00 88		800 - 733		1551.00 31.4300		-4.7 2.0	1574.28 31.4405	-4.5 2.0	1915.16 30.96	-3.9 2.0	75.5 106.3	E THR	SE MONT
79		178 - 182			31.547 1.7148	2.3	1,7074	2.4	1.6757	2.5	105.4	ı ——	Oper
11		973 - 948		6.5745		0.5	6.5826	0.5	6.5461	0.7	97.4		
10		760 - 860		157.340			158,715	-2.3	180.86	-1.9	94.7	Jun	96.78
65		130 - 200		127.710			128.845	-2.1	130.385	-1.7	80.9	Sep	96.8
73		823 - 723	6.7881		6.7783	-2.0	6.795B	-1.7	8.8379	-1.0	88.4	Dec	96.64
29		524 - 534	1,2535		1.2493	3.4	1.2416	3.5	1.2084	3.5	111.0	Mar	96.3
53		149 - 157	1,5180		1.5145	0.9	1,5131	3.0	1,5091	0.4	84.0	■ THR	EE MONT
66		242 - 249		1.2240	1.2253	-0.7	1.227	-0.9	1.2358	-0.9	64.0	ı ——	Oper
80	-0.00	2-2-2-0	1.2200	1.2240	12230	~0.7	1.221	-0.9	1.2330	-0.3	-	١.	
DU	-	-		•	•	•	-	•	-	•	-	Jun	81,40
93		987 - 989	1.0001	0.9987								Sep	P2,01
37	+0.0025		0.9970			•		•		•		Dec	92.14
73		670 - 875	1.3690		1.3671	0.1	1,3674	0.0	1.3702	-0.9	83.3	Max	92.11
15		010 - 090	7.4100			-26.2	7.751		9,5145		-		BE MONT
	-0.011		1.4100	,	1.550	-20.2	7.75		3,0140	-2013	97.2	\ ——	Oper
												Jun	98.09
33		460 - 467	1,2462		1.2483	-1.8	1.2516	-1.8	1.2705	-1,9	95.4	Sec	97,95
37		362 - 372	7.7375	7,7380	7,7374	-0,1	7.7382	+0.1	7,7862	-0.4	-	Dec	97,76
Ю		000 - 000	35,3100	34.5500	35	-5.2	35.305	-5.2	3B.775	-5.5	-	Mar	97,49
11	+0.0032	209 - 253	3.2255	3.2178		-		-			-		EE MONT
Q	+0.96	900 - 000	106,000	104,850	105.505	5.0	104,605	5,1	100,865	4.8	140.3	1444	E BOK!
5	+0.0057	950 - 960	2.4985	2,4880	2.4964	-0,4	2,5025	-1.1	2,526	-1.2	-		Oper
9	-0.0021	514 - 524	1,4525	1.4510	1,4549	-2.6	1,4607	-2.5	1,4853	-2.3	-	Jun	
0	-0.01	100 - 900	28,1900	26.1100		-		-		-	-	Sep	
5	+0.0001	503 - 507	3.7510	3,7502	3.751	-0.1	3,7517	-0,1	3,755	-0.1	-	Dec	98.56
5	+0.0022	070 - 090	1,4085		1.404	3.0	1.398	2.7	1.3725	2.5	-		
5		175 - 275	4.3700	4,3170	4.3512	0.8-	4.4028	-7.4	4,626	-7.0	- '	11440	MANUAL MAN
0		100 - 200		778,000							-		Oper
0		880 - D60		27,1750	27,213	-0.9	27.253	-0.9		-	-	Jun	95.72
ō		600 - 800			25,3697		25,5725	-4.B	28,455	-4.7	-	Sep	95.78
-		the Dollar Spo									oted to the	Dec	95.64
Mere	ed rages, Liv	(Iretand & EC	U are quot	ed in US ca	Mency, JP	Morger	nominal in	dices M	lay 13: Base	everage	1990-100,	Mar	05.45

France	,	3%	3% 3G	3% 33	3%	45	7.00 2. 3.70	- 5.60	
week ago	1	315	37	3;	3%	4	3.70	- 5.60	
Germany		3%	314	34	34	314		50 3.30	
ireland .		5		5 i	54	5%	- 2.	- 6.25	
	•	.5	5.	5,	5,	5.			
		9%	94			815			
Netherlands		25	25	23	2 <u>0</u>	22	- 3.	00 3.30	
		23	23	27	25	22			
		2	25	1%	1%	2			
US		514	54		514	54			
	•	_							
		,2 25	3	2	79	14			
		90					_		•
		-	5		53	53	-		
		_					_		
week ago		-	5.10	5.19	5.31	5.69	_		
		-	4%	42	43	411	-		
		Ξ				4 <u>2.</u> 3%	_	: :	
		-	32	34	32	32	-		
\$ LIBOR Intert	ent foung	rutes are	offered r	ates for S	tom deno	ed to the ma	rivet by four	reference benk	1
at 110m egch Westrenster.	working	day. The	benis :	ire: Elank	as Inst,	, Benk of To	skyo, Barciay	s and Nationa	•
Mid rades are							DR Unked D	eposits (Oct.	
May 14			7 day						
Dalama Carre					_				•
	316	312		16 316 14 317	313				
D-I/ark	33	- 34	3,4 . 3	3 3	լ. 3Կ	34 - 32	3,4 . 3,4	3 ¹ 3 - 3 ¹ 4	
		- 216	211 - 2	2 212 20 727		3월 - 2월	2]] - 2]	27 . 213	
		1.	7.4 . 7	7.3		7.5 . 74		7.5 . 74	
	ta 733	· 75	733 - 7	7 7	- 732	712 . 712	76 - 75	7録 - 7岐	
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Can. Dollar	414	. 425	43, 4	2 44		13 . 43	5 - 4%	52- 53-	
US Dotar	5.5	. 5,1	5.2 . 5	5 5 kg	- 5,4	5.5 - 54	516 - 578	5% · 5/L	
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Asian SSing	27	- 23				27 . 22	2.4 - 2.2		
Short term rate	s are cal	for the L	JS Coller	and Yen	L others:	two days' no	Nice.		
- THURSE	_					_			
	-	-			_				
Dec	95.91				95.93	95.90	4.073	30,775	
E THREE I	KONTH E	UROM	ARK F	TURE:	(LIFFE)	DM1m po	inte of 100	%	
	Ореп	Sett or	ice Ci	ance	Hitch	Low	Est. vol	Open Int.	•
		96.79		0.01	96.78	95.78		193867	
Jun	96.78						14928	1490001	
Sep	98.84	98.8			86.84	95.62	17171	241103	
Sep Dec	96.84 96.64	98.80 96.64		0.01	96.65	95.62 96.62	1717† 18131	241103 203731	
Sep Dec Mar	96.84 96.64 96.33	98.8 96.6 96.3	3 +	-0.01	96.65 96.35	95.62 96.62 96.31	17171 16131 19781	241103 203731 148496	
Sep Dec	96.84 96.64 96.33 KONTH E	98.8 96.6 95.3 UROLL	RA FUT	0.01 TURIES (96.65 96.35 (LIFFE)* (95,62 96,62 96,31 L1000m po	17171 18131 19781 ints of 1009	241103 203731 148496	
Sep Dec Mar THREE N	98.84 98.64 96.33 IONTH E	98.83 96.33 96.33 WAOLI Sett pr	RA FUT	-0.01 TURNES (Tange	96.85 96.35 (LIFFE)* (High	95,62 96.62 96.31 L1000m po	17171 18131 19781 ints of 1009	241103 203731 148496 % Open Int.	
Sep Dec Mar THREE N	98.84 98.64 96.33 IONTH E Open 91.40	98.8: 96.6: 96.3: 3/80LE Sett pt	RA FUT	-0.01 TURIES (Tange -0.01	96.85 96.35 (LIFFE)* (High 91.42	95,62 96,62 96,31 L1000m po Low 91,36	17171 16131 19781 ints of 1009 Est, vol 8525	241103 203731 148496 % Open Int. 51892	
Sep Dec Mar THIRISE IN Jun Sep Dec	96.84 96.64 96.33 IONTH E Open 61.40 P2.01 92.14	98.8: 96.6: 96.3: 3080LE Sett pr 91.3: 61.9: 82.1:	RA FUT	0.01 numes (nange 0.01 0.02 0.02	96.85 96.35 (LIFFE)* i High 91.42 82.03 82.17	95,62 96,62 96,31 L1000m po Low 91,36 91,96 82,12	17171 18131 19781 ints of 1005 Est, vol 8525 9494 4170	241103 203731 148498 % Open Int. 51892 35004 25163	
Sep Dec Mar THIRISE IN Sep Dec Mar	96.84 96.64 96.33 IONTH E Open 81.40 82.01 92.14 92.11	98.8: 96.6: 96.3: 3080LE Sett pt 91.3: 61.9: 92.1: 92.0:	RA FUT	0.01 nange 0.01 0.02 0.02 0.01	96.65 96.35 (LIFFE)* I High 91.42 82.03 82.17 92.13	95,62 96,62 96,31 L1000m po Low 91,36 91,96 92,12 92,08	17171 18131 19781 ints of 1005 Est, voi 8525 9494 4170 1170	241103 203731 148496 % Open Int. 51892 35004 25163 8472	
Sep Dec Mar THIRISE IN Jun Sep Dec	96.84 96.64 96.33 IONTH E Open 81.40 82.01 92.14 92.11	98.8: 96.6: 96.3: UROLI Sett pr 91.3: 61.9: 82.1: 82.0:	RA FUT	0.01 nange 0.01 0.02 0.02 0.01	96.65 96.35 (LIFFE)* I High 91.42 82.03 82.17 92.13	95,62 96,62 96,31 L1000m po Low 91,36 91,96 92,12 92,08	17171 18131 19781 ints of 1005 Est, voi 8525 9494 4170 1170	241103 203731 148496 % Open Int. 51892 35004 25163 8472	
Sep Dec Mar THIRISE IN Sep Dec Mar	96.84 96.64 96.33 IONTH E Open 61.40 R2.01 92.14 92.11 IONTH E	98.8: 96.6: 96.3: Seft pr 91.3: 61.9: 92.1: 82.0: Seft pr	RA FUT	0.01 nange 0.01 0.02 0.02 0.01	96.65 96.35 (LIFFE)* High 91.42 92.03 92.17 92.13 High	95.62 96.62 96.31 L1000m po Low 91.36 91.96 92.12 92.08 (LIFFE) S Low	17171 18131 19781 ints of 1009 Est, vol 8525 9494 4170 1170 SFr1m point	241103 203731 148496 % Open Int. 51892 35004 25163 8472 is of 100%	
Sep Dec Mar THIREE IN Jun Sep Dec Mar THIREE IN	98.84 96.64 96.33 IONITH E Open 81.40 R2.01 92.14 92.11 IONITH E Open 98.05	98.8: 96.6: 96.3: 3090L1 Seft pr 91.3: 61.9: 92.1: 82.0: 98.0: Seft pr	RA FUTI fice Ci 7 +7 3 + Witse F	0.01 TURIES (nange 0.01 0.02 0.02 0.01 TRANC I	96.65 96.35 (LIFFE)* I High 91.42 92.03 92.17 92.13 Huffune High 96.06	95.62 96.62 96.31 L1000m po Low 91.36 91.96 92.12 92.08 85 (LIFFE) \$ Low 98.01	17171 16131 19781 ints of 1005 Est, vol 8525 9494 4170 1170 SFr1m point	241103 203731 148496 % I Open Int. 51882 35004 25163 8472 in of 100% I Open Int. 23288	
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Sep Dec Mar THIREE IN Jun Sep Dec Mar THIREE IN	98.84 96.64 96.33 IONITH E Open 81.40 R2.01 92.14 92.11 IONITH E Open 98.05	98.8: 96.6: 96.3: 3090L1 Seft pr 91.3: 61.9: 92.1: 82.0: 98.0: Seft pr	RA FUT fice Ci 7 + 3 3 + 4 Witse F fice Ci 3	0.01 TURIES (nange 0.01 0.02 0.02 0.01 TRANC I	96.65 96.35 (LIFFE)* I High 91.42 92.03 92.17 92.13 Huffune High 96.06	95.62 96.62 96.31 L1000m po Low 91.36 91.96 92.12 92.08 85 (LIFFE) \$ Low 98.01	17171 16131 19781 ints of 1005 Est, vol 8525 9494 4170 1170 SFr1m point	241103 203731 148496 % I Open Int. 51882 35004 25163 8472 in of 100% I Open Int. 23288	
Sep Dec Jun Sep Dec Mar THREE N Jun Sep Dec Jun Sep Dec	96.84 96.64 96.33 IONITH E Open 81.40 82.01 92.14 IONITH E Open 88.05 97.95 97.49	98.8: 96.6: 96.3: Seft pp 91.3: 82.1: 82.0: 82.1: 82.0	RA FUTINGE CO	-0.01 FURIES (hange -0.01 -0.02 -0.01 RANC I	96.85 96.35 (LIFFE)* High 91.42 92.03 92.17 92.13 FLITURE 96.06 97.98 97.78 97.40	95.62 96.63 96.63 1.1000m po Low 91.36 91.96 82.12 92.08 85 (LIFFE) \$ Low 98.01 97.92 97.70 97.49	17171 18131 19781 ints of 1009 Est, vo 8525 9494 4170 1170 Est, vo 2898 5749 1442 21	241103 203731 148496 % Copen Int. 51892 35004 25163 8472 to of 100% Copen Int. 22388 20948 11268	
Sep Dec Mar THIRISE IN Jun Sep Dec Mar Sep Dec Mar Mar Mar	96.84 96.64 96.33 IONITH E Open 81.40 82.01 92.14 IONITH E Open 88.05 97.95 97.49	98.8: 96.6: 96.3: Seft pp 91.3: 82.1: 82.0: 82.1: 82.0	RA FUT	-0.01 FURIES (hange -0.01 -0.02 -0.01 RANC I	96.85 96.35 (LIFFE)* High 91.42 92.03 92.17 92.13 FLITURE 96.06 97.98 97.78 97.40	95.62 96.63 96.63 1.1000m po Low 91.36 91.96 82.12 92.08 85 (LIFFE) \$ Low 98.01 97.92 97.70 97.49	17171 18131 19781 ints of 1009 Est, vo 8525 9494 4170 1170 Est, vo 2898 5749 1442 21	241103 203731 148496 % I Open Int. 51892 35004 25163 8472 to of 100% I Open Int. 23288 20948 11268 5239	
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Sep Dec THEREE IN Jun Sep Dec Mar THEREE IN Sep Dec Mar THEREE IN Sep Dec	98.84 96.83 96.33 IONTH E Open 91.40 92.11 92.11 92.11 IONTH E Open 97.95 97.76 97.49 IONTH E	98.86 96.66 96.66 96.13 98.11 92.13 92.13 98.05 98.05 97.96 97.74 98.05 98 98.05 98.05 98.05 98.05 98.05 98.05 98.05 98.05 98.	RA FUTI PRA	-0.01 FURIES (hange -0.07 -0.02 -0.02 -0.01 FRANC I	98.85 98.35 (LIFFE) High 91.42 92.03 92.17 92.13 PATURE High 96.05 97.78 97.78 97.78	95.62 96.62 96.31 L1000m po 91.36 91.96 82.12 92.08 \$2.12 92.08 \$4.01 97.92 97.70 97.49 100m point	17171 18131 19781 ints of 1009 Est. vo 8525 9494 4170 1170 SF17m point Est. vo 2068 5749 1442 21 s of 100%	241103 203731 148496 % I Open Int. 51892 35004 25163 8472 ts of 100% I Open Int. 22388 20348 11268 5239	
Sep Dec Jun Sep Dec Mar THREE M THREE	98.84 98.83 98.33 IONTH E Open 91.40 92.11 IONTH E Open 98.05 97.76 97.49 IONTH E Open	98.8: 96.6: 96.6: 96.6: 96.3: 82.1: 92.1: 92.1: 97.9: 97.7: 97.4: 97.4: 98.8:	RA FUT fice Ci 7 + 7 3 + 1 9 + 1 10 +	0.01 FURIES (hange 0.01 0.02 0.01 RANC I hange 1.1 0.02 0.03 0.05	98.85 98.35 (LIFFEY) 91.42 92.03 92.17 92.13 PUTURE High 98.05 97.78 97.78 97.78 97.78	95.62 96.631 L1000m po Low 91.96 91.96 62.12 92.08 85 (LIFFE) \$ Low 96.01 97.92 97.79 100m point	17171 18131 19781 ints of 1004 8525 9494 4170 1170 871m point Est. vo 2068 5749 1442 21 3 of 1004 Est. vo 0 0	241103 203731 148496 % Open Int. 51892 35004 25163 8472 In of 100% Open Int. 23288 20948 11268 5239	
Sep Dec THEREE IN Jun Sep Dec Mar THEREE IN Sep Dec Mar THEREE IN Sep Dec	98.84 98.83 98.33 98.33 IONITH E Open 92.01 92.14 92.11 IONITH E 000000 98.05 97.49 IONITH E 0000000 98.56 IONITH E	98.85 96.6- 96.6- 96.6- 91.33 61.97 82.13 82.13 82.13 98.05 97.4- 98.05 98.05 98.05 98.56 600 FU	RA FUT fice Ci 97 + 73 + 1 97	O.01 FURIES (hange O.01 O.02 O.01 FRANC I hange Curties (hange O.03 O.03 O.03 O.03 O.05 (UFFE)	98.85 98.35 (LIFFE)* High 91.42 92.03 92.17 92.13 94.06 97.78 97.78 97.78 97.78 97.78 97.49 LIFFE) Y High	95.62 96.631 L1000m po Low 91.96 92.08 85 (LIFFE) 8 Low 96.01 97.92 97.79 100m point Low 98.56 points of 10	17171 18131 19781 ints of 1004 Est, vo 8525 9494 4170 1170 SF11m point Est, vo 2068 5749 1442 21 21 at 01 1004 Est, vo 0 0 575	241103 203731 148496 % Open Int. 51892 35004 25163 8472 is of 100% Open Int. 22288 20348 11268 5239	
Sep Dec Jun Sep Dec Mar THREE M THREE	98.84 96.83 96.33 IONITH E Open 81.40 92.11 IONITH E Open 98.05 97.49 IONITH E Open 98.56 IONITH E Open	96.6-96.6-96.6-96.6-96.9-96.0-96.0-96.0-	RA FUT fice Ci 3 4 4 3 3 4 4 3 5 5 5 6 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	0.01 FURIES (hange 0.01 0.02 0.01 RANC I hange 1.1 0.02 0.03 0.05	98.85 98.35 (LIFFE) High 91.42 92.03 92.17 92.13 92.06 97.98 97.49 LIFFE Y High	95.62 96.631 L1000m po Low 91.36 91.96 82.12 92.08 85 (LIFFE) \$ Low 96.01 97.49 100ra point Low . 88.56 points of 10	17171 18131 19781 ints of 100% 8525 9494 4170 1170 SF11m point Est. vo 2668 5749 1442 21 3 of 100% Est. vo 0 0 575	241103 203731 148496 % Open Int. 51892 35004 25163 8472 ts of 100% Open Int. 22288 20948 11268 5239	
Sep Dec Jun Sep Dec Mar THREE M Jun Sep Dec Mar THREE M THREE M THREE M Jun Sep Dec Mar THREE M THREE M Jun Sep Dec Mar THREE M Jun Sep Dec M Jun	98.84 96.83 96.33 IONITH E Open 92.14 92.11 IONITH E Open 98.05 97.95 97.76 97.76 97.76 97.85 97.85 97.85 97.85 97.85 97.86 1001TH E	98.86 96.26 96.36 96.37 91.33 81.99 92.11 82.05 82.10 98.77 98.77 98.87 98.11 98.87 98.11 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98 98.87 98 98 98 98 98 98 98 98 98 98 98 98 98	RA FUT fice Ci 7 + 7 3 + 7 4 MINSS F fice Ci 3 4 4 3 5 5 FINE CI 7 7 3 8 4 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	-0.01 FURNES (hange -0.02 -0.02 -0.02 -0.03 -1.04 -0.02 -0.03 -0.03 -0.03 -0.04 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05	98.85 98.35 (LIFFE) High 91.42 82.03 92.17 782.13 FISTURE 98.06 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78	95.62 96.62 96.31 L1000m po Low 91.36 91.98 82.12 92.08 98.01 97.70 97.70 97.70 97.70 97.90 Low 98.56 bolons points of 10 Low 95.70	1717r 18131 19781 ints of 1009 Est, vo 8525 9494 4170 1170 3Fr1m point Est, vo 2608 5749 1442 21 \$ of 10094 Est, vo 575	241103 203731 148496 % Open Int. 51892 35004 25163 8472 ta of 100% Open Int. 23288 20948 11268 5239 Open Int. na na	
Sep Dec THENSE M Jun Sep Dec Mar THENSE M THENSE M Jun Sep Dec Mar Sep Dec Mar THENSE M Jun Sep	98.84 96.83 96.33 96.33 IONITH E Open 92.01 92.14 92.14 92.11 IONITH E Open 98.05 97.79 97.79 IONITH E Open 98.56 IONITH E Open 98.57	98.8:496.2:96.6:396.396.396.396.396.396.396.396.396.396.	RA FUTI PRA	O.01 FURNES (hange O.01 O.02 O.02 O.01 FRANC I hange O.02 O.03 O.03 O.05 (UFFE)	98.85 98.35 (LIFFE) High 91.42 92.03 92.17 92.13 94.06 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78	95.62 96.631 L1000m po Low 91.96 92.08 92.12 92.08 96.01 97.92 97.79 100m point Low 98.56 points of 10 Low 95.77	17171 18131 19781 ints of 1009 Est, vo 8525 9494 4170 1170 SFr1m point Est, vo 2068 5749 1442 21 s of 100% Est, vo 0 575	241103 203731 148496 % Open Int. 51892 35004 25163 8472 in of 100% Open Int. 22288 20348 11268 5239 I Open Int. 9773 4657	
Sep Dec Jun Sep Dec Mar THREE M Jun Sep Dec Mar THREE M THREE M THREE M Jun Sep Dec Mar THREE M THREE M Jun Sep Dec Mar THREE M Jun Sep Dec M Jun	98.84 96.83 96.33 IONITH E Open 92.14 92.11 IONITH E Open 98.05 97.95 97.76 97.76 97.76 97.85 97.85 97.85 97.85 97.85 97.86 1001TH E	98.86 96.26 96.36 96.37 91.33 81.99 92.11 82.05 82.10 98.77 98.77 98.87 98.11 98.87 98.11 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98.17 98.87 98 98.87 98 98 98 98 98 98 98 98 98 98 98 98 98	RAFUT P P P P P P P P P P P P P	-0.01 FURNES (hange -0.02 -0.02 -0.02 -0.03 -1.04 -0.02 -0.03 -0.03 -0.03 -0.04 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05	98.85 98.35 (LIFFE) High 91.42 82.03 92.17 782.13 FISTURE 98.06 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78 97.78	95.62 96.62 96.31 L1000m po Low 91.36 91.98 82.12 92.08 98.01 97.70 97.70 97.70 97.70 97.90 Low 98.56 bolons points of 10 Low 95.70	1717r 18131 19781 ints of 1009 Est, vo 8525 9494 4170 1170 3Fr1m point Est, vo 2608 5749 1442 21 \$ of 10094 Est, vo 575	241103 203731 148496 % Open Int. 51892 35004 25163 8472 ta of 100% Open Int. 23288 20948 11268 5239 Open Int. na na	
	week ago sreinind week ago sweek ago sweek ago sis summer ago sweek ago sis summer ago sweek ago so summer ago summer ag	week ego Ireland week ego Nethertands week ego Nethertands week ego Nethertands week ego Switzerland week ego IS week ego IS Week ego IS LIBOR FT Lond interbenk Föding week ego US Dollar CDs week ego US Dollar CDs week ego SUR Linkad Ds week ego SUR CDs Weet ego SUR Tollar ego Ween ego SUR Tollar ego SUR Tollar ego SUR SUR ELINKON SUR ELINKON SUR SUR ELINKON SUR	week ago Ireinand Ireina	week ago 5 54 Imaly 94 94 week ago 5 54 Imaly 94 94 week ago 94 94 week ago 94 94 week ago 24 25 week ago 54 55 Japan 35 Week ago 55 US Dollar CDs 510 week ago 7 510 Week ago 510 Week ago 510 Week ago 7 510 Week ago 510 Week ago 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Veset ago	Separation Sep	Subsection Sub	Week ago	### ##################################

WORLD INTEREST RATES

MONEY RATES

Des Was well	tol Provide	12/100	70.00 12	149 -	107	13100	1.5750	120143	0.0	1.515	•	1.3081	U.4	80.1	Vo		- 12		
Pacific/Mid																Hic/Mildd			
Australia	(A\$)	1.8886					1.8837		-1.8	1,8962				94,3		ratio	(AS)		
Hong Kong	(HKS)	11.7235				.7432 1		1.7154	8.0	11.7038	0.7	11.684	0,3	-		Kong	(HKS		+0.000
Mdla	(Rel)	52,8083				4910 5		•	•		•			-	India		(Pax)		
Israel	(Shk)	4,8840	+0.0087				4.6747	ra and		420 000		454.044			lorae	-	(Shk)		+0.003
Japan	M	160.548				0.865 1		59.821	5,4	158,331	5.5	151.918	5.4	138.7	Japa		(1)		+0.9
Malaysia	(MS)	3.7815	+0.0118				3.7676								Mak		(MS)		+0.005
New Zeolan		2.2001	-0.0014			2037		2.2051	-2.7	2.2146	-2.9	2,2484	-22	107.9		Zealand			-0.002
Philippines	(Peso)	39.6251	+0,0182			7000 3		-		-			•	-		opines	(Peso)		-0.0
Saudi Arabia		5.5831	+0.0046				5.6745	•	-	•	-		-	-		Arabla is	(SR)	3,7505	+0.000
Singapore	(35)	2,1328	+0.005				2.1271	-	-	-	-	-	•	-		арого	(88)	1,4075	+0.002
South Africa		8.5499	-0.0667				5.5405	-	-	-	-	•	-	-		h Africa	(FI)		-0.047
South Kore		1179.13	+0.78			91.18 11		-	-	-	-	•	-	-		h Korea	(Won)		-0.
Taiwan	(TS)	41,2058	+0,0538	871 - 2		2714 41		-		-	-	-	-	-	Taiw		(TS)	27.1930	+0.01
Theilend † Roles for Ma	(Bt)	38,2917	+0.0773			3220 SE		•	-	•	-	-	-	•	That		(Bt)	25.2700 13 Bidvoffer	+0.03
CROSS																_			
EXCHAI May		ROSS BET	RATES DKr	FFr	DM	E	ı.	н		ac-	En	Pta	SKr	SFr	£	cs	2	¥	Eco
	(BF		16.77	16.46	4,864	2.028		5,437			99.4	405.6	21.41	3.966	2.089	4.327	3.184		2.584
Belgium	(DK		10	6.768	2.592	1.081					66.1	215.1	11.41	2.113	1.113	2,306	1.686		1.377
Denmark	(DA		11.41	10	2.956	1.232					03.5	246.5	13.01	2.410	1.269	2,630	1.923		1.570
France			3.858	3.383	1	0.417					02.7	83.38	4.401	0.815	0.429	0.880	0.650		0.531
Sermany	(DA		9.254	6.114	2,398	1	2429				48.2	200.0	10.56	1.956	1.030	2,134	1.560		1.274
ireland	(8)		0.381	0.334	0.099	0.04		0.110			0.14	8.232	0.435	0.081	0.042	0.088	0.064		0.052
italy	<u>a</u>			3.027									3.938	0.730	0.384	0.796	0.582		D.475
Netherlands			3.452	7.889	0.895	0.373					1,86 239.4	74.81 194.5	10.26	1.901	1.001	2.075	1.517		1.239
Nonesy	(NK		8.998	3.295	0.974	0.408					100.	81.22	4.287	0.794	0.416	0.867	0.634		0.517
Portugal	(Ex		3.758 4.627	4.057	1,198	0.500					23.1	100.	5.278	0.978	0.515	1.067	0.780		0.637
Spaln	(PL		9.767	7.687	2.272	0.94					233.3	189.5	10	1.853	0.879	2.021	1.478		1.207
Sweden	KSK		4.732	4.149	1.226	0.51					25.9	102.3	5.398	1	0.527	1.091	0.798		0.651
Switzerland	(SF		8.986	7.879	2.329	0.87					239.1	194.2	10.25	1.899	1	2.072	1.515		1.237
UK	(2			3.803	1.124	0.46					15.4	93.73	4.947	0.617	0.483	1	0.731		0.597
Conodo	(Ct		4.337	5.201		0.40					57.9	128.2	6.788	1.253	0.660	1,368	1	105.9	0.817
JS	Ğ		5.931 5.599	4.909	1.537	0.60					149.0	121.0	6.386	1.183	0.823	1231	0.944		0.771
lapan	0			6.369	1.883	0.78			_		193.3	157.0	8.286	1.535	0.808	1.675	1.225		1
Scur Danish Kroner,	French Fre	38.71 nc. Norwe	7.264 Jen Kronor,										0.200	1,000		1,075	1.2.20	120.7	
D-MARK									_			E YEN FU	TURKES	(IMM) Yen	12.5 pe	r Yen 10	0		
	Open	Letest	Change		gin I	.ow	Est, vol	Open In				Open	Latest	Change			.ow		Open inc.
lun .	0.6537	0.6523	+0 0014	0.65		6516	15,945	80,619		Jun .		0.9568	0.9535	-0.0030			9528	13,371	63,795
Sab	0.6570	0.6560	-0.0014	0.65		6555	246	4,285		5ер	- (0.9685	0.9649	+0.0029	0.96	85 O.	9649	303	2,973
Dec	0.6598	0.6598	-0.0017	0.65	598 D.	6598	50	1,103	3	Dec		-	0.6791	-	1		-	1	2,050
SWISS P	RANC FU	TURIES (II	MM) SFr 1	25,000 p	per SFr					E 572	RLINK	FUTURE	(MM)						
kun	0.8028	0.8013	-0.0014			8005	9.759	43,475		Jun		1.5140 1,5130	1.5154	+0.0016			5134 5130	5.104 29	45,146 413
З ер	0.8030	0.8083	-0.0013			8030 8155	166	2,196 723	,	Sep Dec		1,3130	1.5130	+0.0024			-	2	35
Dec	0.8155	0.8155	-0.0018				- de tale			EMS	EU	ROPEA	N CU	IRREN	CY U	NIT R	ATES		
UK INT				50.07	1		1/4/20		2	May 14		Ecu cer	2 1	Rate Inst Ecu	Change on day	96+	/- from	% spread y weakes	
LONDOR	MON I	EY RA	TES						1			rates							
May 14		Over-	7 days	One		P66	Six	One)	Speln		162.49		59.569	+0.20		.80	3.16	13
- 14		night.	notice	mon		onths	months	year	[Nother	lenda	2.1521			+0.0009		1.65	1.99	5
		1000							- 1	Rateire		39,398	0 3	9.3193	+0.017	5 -(1.16	1.52	1

LONDON	MOI	VET IV	11 23				
May 14		Over- night	7 days notice	One month	Three months	Six months	One
Interbank Starfe	100	61 ₂ · 51 ₂	6 - 5%	64 - 518	514 - 512	6.4 6.4	638 - 64
Sterling CDs	_	-	-	6 5	6 - 518	612 - 533	67. 67
Treasury BINS			-	53 543	512 - 513		
Bank Bala		-	-	513 - 57	5월 - 5월	541 - 51	
Local euthority	deps.	81 - 51E	5 . 5 E	616 - 518	6/4 · 5/3	6, 9	616 916
Discount Marke		619 - 64	6 - 5%	•		•	•
LIK cleaning ba	nk bese	lending rat	e 6 per cen	t from Man	ch 8, 1996		
			Up to 1	1-3	3-6	6-9	9 -12
			month	month	months	months	months
	- 640	0.000x	212	512	5	5	44
Corte of Text dep Ave. tender rate Apr 30, 1996. Apr rate for period M	under E at discou reed rate ar 30, 19	100,000 is 2/ rit on May 1/ for period M 96 to Apr 30	lay 25, 1998 , 1998, Schel	ta Jun 25, 1 mas IV & V 6	995, Schemas .079pc. Finan	ti & 11 7.33p ce House Ba	se Rate
Corte of Text (100) Ave. tender rate (Apr 30, 1996. Ag man for period M	under E at discou reed rate ar 30, 19	nt on May 16 for period W 96 to Apr 30	tay 25, 1998 , 1996, School FUTURES	to Jun 25, 1 nes IV & V 6 (LIFFE) C5	995, Schemer .079pc. Finan i00,000 poin	ii & III 7.33p ce House Ba its of 100%	se Flate
Corte of Tex dep Ave. tender rate of Apr 30, 1996. Apr mile for period M 8.5pc from May 1 THEREE MC	under E at discou reed rate ar 30, 19	100,000 is 2/ rit on May 1/ for period M 96 to Apr 30	lay 25, 1998 , 1996, Schol FUTURES Change	to Jun 25, 1 mes IV & V 6 (LIFFE) C5	00,000 point	tts of 100% Egt. vol	Open int
Corts of Text dep Ave. tender rate of Apr 30, 1986. Apr mite for period M 5.5pc from May 1 M THERIEE MIC	under E at discou preed rates is 30, 19 1, 1996 DEFTH S Open 94,00	rt on May 11 for period M 96 to Apr 30 Sett price 93.94	iay 25, 1998 , 1998, Schel FUTURES Change -0.06	to Jun 25, 1 mes IV & V 6 (LIFFE) C5 High 94.00	995, Schemar 1,079pc. Finan 100,000 poin Low 93,95	II & III 7.33pce House Be its of 100% Est. vol 20304	Open int
Corts of Tax dep Ave. tender rate of Apr 30, 1986. Apr mits for period M 9.5pc from May THEREE MIC	under E at discou reed rate is 30, 19 1, 1996 DOFTH S	rt on May 11 for period M 96 to Apr 30 Sett price 93.94 93.87	Eny 25, 1998 1996, Scher FUTURES Change -0.06 -0.04	(LIFFE) C5 High 94.00 93.93	996, Schemer 1,079pc. Finan 1,00,000 poin 1,00w 93.95 93.86	II & III 7.33pce House Be its of 100% Est. vol 20304 19750	Open int 76611 60370
Corts of Text dep Ave. tender ritte Apr 30, 1966. Ag inte for period M 3.5pc from May 1 III THRIES MIC Jun Sep	under E at decou reed rate is 30, 19 1, 1996 DOTTH S Open 94,00 93,92 93,67	rico.col is 2/ rit on May 1/ lor period M 96 to Apr 30 FERS.WG Sett price 93.94 93.87 93.61	FUTURES Change -0.06 -0.04 -0.04	ta Jun 25, 1 mee IV & V 6 (LIFFE) 65 High 94.00 93.93 93.69	996, Schemer 1,079pc. Finan 100,000 poin Low 93.98 93.86 93.80	III & III 7.33pce House Be its of 100% Est. vol 20304 19750 21098	Open int
Corts of Tex top Ave. tender ritte Apr 30, 1996. Ag tale for period M 5.5pc from May I THERETE MEC Jun Sep	under E al discou preed rates isr 30, 19 1, 1996 DOITH S Open 94,00 93,92	nooned is 2: ret on May 11: for period M 96 to Apr 30 Sett price 93,94 93,87 93,61 93,23	FUTURES Change -0.06 -0.04 -0.03	to Jun 25, 1 met N & V 6 (LIFFE) 25 High 94,00 93,93 93,69 93,31	995, Scheman 1,079pc, Finan 100,000 poin 1,00w 93,95 93,86 93,80 93,24	H & H 7.33pce House Be its of 100% Est. vol 20304 19750 21098 10669	Open int 76611 60370 69974 48428
Corts of Text dep Ave. tender ritte Apr 30, 1966. Ag mile for period M 8.5pc from May 1 THERESE MAX Jun Sep	ounder E of decou pred rate is 30, 19 1, 1996 DEFTH 5 Open 94.00 93.92 93.87 93.87	100,000 to 2: int for period M 96 to Apr 30 Sett price 93,87 93,67 93,67 93,63 93,23 92,23	PUTURES Change -0.06 -0.04 -0.03 -0.02	to Jun 25, 1 mes IV & V 6 (LIFPE) 05 High 94,00 93,93 93,69 93,31 92,90	995, Scheman 1,079pc, Finan 100,000 poin Low 93,98 93,86 93,80 93,24 92,83	III & III 7.33pce House Be its of 100% Est. vol 20304 19750 21098	Open int 76611 60370 69974
Corts of Text dep Ave. tender ritte Apr 30, 1966. Ag mile for period M 8.5pc from May 1 THERESE MAX Jun Sep	ounder E of decou pred rate is 30, 19 1, 1996 DEFTH 5 Open 94.00 93.92 93.87 93.87	100,000 to 2: int for period M 96 to Apr 30 Sett price 93,87 93,67 93,67 93,63 93,23 92,23	PUTURES Change -0.06 -0.04 -0.03 -0.02	to Jun 25, 1 mes IV & V 6 (LIFPE) 05 High 94,00 93,93 93,69 93,31 92,90	995, Scheman 1,079pc, Finan 100,000 poin Low 93,98 93,86 93,80 93,24 92,83	H & H 7.33pce House Be its of 100% Est. vol 20304 19750 21098 10669	Open int 76611 60370 69974 48428
Corts of Text dep- Nos. tender rate of Apr. 30, 1965. Ag mits for period M 5.5pc from May 1 THEREE AS June 1 Sep 0 Ge 1 Mar 1 Nos traded on A	under E of discou preed rate is 30, 19 1, 1996 Open 94,00 93,92 93,67 93,27 92,88 NPT, AL	rionand is 2: int on May 11 inter period May 86 to Apr 30 Sett price 93.84 93.87 93.61 93.23 Open wherest	PUTURES Change -0.06 -0.04 -0.04 -0.03 -0.02 figs. are to	High 94.00 93.93 93.69 93.91 92.90 previous de	995, Schemer 1,079pc, Finan 1,000,000 poin 1,000 93,93 93,86 93,80 93,24 92,83	Est. vol. 20304 19750 21069 4780 4780	Open int 76611 60370 69974 48428
Corts of Tex dep Ave. tender rate per 30, 1956. Ag also for period M THEREE AS Lun Lun Sep Doc Mer Sep Sep Sep Sep Sep Sep Sep S	under E of discou preed rate is 30, 19 1, 1996 Open 94,00 93,92 93,67 93,27 92,88 NPT, AL	monodo la 21 mil on May 11 mil on May 12 mil on May 12 mil on period M 66 to Apr 30 mil on period M 66 to Apr 30 mil on period M 66 to Apr 30 mil on period M 67 mil	Type Service S	High 94.00 93.93 93.69 93.91 92.90 previous de	995, Schemer 1,079pc, Finan 1,000,000 poin 1,000 93,93 93,86 93,80 93,24 92,83	Est. vol. 20304 19750 21098 10689 4760	Open Int 76611 60370 69974 48428 39423
Corts of Tex decided Apr 20, 1995. Apr 20, 1	under Ed decoupered rate in 30, 79 1, 1996 DelTH 5 Open 94.00 93.67 93.27 92.68 NPT. AL CHERLEN	TODADO IS 2: TO MAY 10 For period May 10 For period May 10 For period May 16 For per	ENTURES Change -0.06 -0.04 -0.04 -0.02 tings are to	High 94.00 93.93 93.69 93.91 92.90 previous de	995, Schemer 1,079pc, Finan 1,000,000 poin 1,000 93,93 93,86 93,80 93,24 92,83	Est. vol. 20304 19750 21098 10699 4780	Open int 76611 60370 69974 48428
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Corte of Tex dep- Ave. tender rate - Ave. tender rate - Ave. Text	Junder E of discourage red rates is 30, 19 7, 1996 DNETH 5 Open 94,00 93,92 93,92 93,97 93,97 93,97 94,00 93,92 93,97 93,97 94,00 94	TOO MODE BY THE CONTROL OF STATE OF THE CONTROL OF STATE	Exp. 28, 1998 Schell 1998, Sche	to Jun 25, 1 mes IV & V 6 (LIFFE) C5 High 94,00 93,93 93,93 92,90 provious di 500,000 pc	995, Schemas 075pc, Finan 500,000 poin Low 93,95 93,86 93,86 93,86 93,24 92,83 ay.	Est. vol. 20304 19750 21098 10669 4760	Open Int 76511 80370 69974 48428 39423
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Germany	1.91		1.91266	+0.000		0.14 0.16	1.16 1.17	-1 -1
Austria	13.4		3.4597	+0.00		0.35	0.97	-2
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	vol. Calls	N/A Puta N	A . Prev. d	ay's open	ire., Col	N/A Puta	2.38	
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European Investment Bank NLG 500,000,000

Floating Rate Bonds 1992 due May 15, 2002

In accordance with the Terms and Conditions of the Bands, notice is hereby given that for the Interest Period from May 15, 1996 in August 15, 1996 the Interest Rate has been fixed at 2,08 per cent. The Interest Amounts, payable on August 15, 1996,

for the denomination of NLG 10,000: NLG 53,16 for the denomination of NLG 100,000: NLG 531,56 for the denomination of NLG 1,000,000: NLG 5315,56

> Rabobank Nederland Utrecht, the Netherlands May 13, 1996

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Price 10	0%
Rauscher Pierce & Clark Limited	HSBC Investment Banking



in accordance with the Terms and Conditions of the Notes, notice August 15, 1996 the Notes will carry an Interest Rate of 5.6 % per

is hereby given that for the Interest Period from Mary 15, 1996 to The Coupon Amount payable on the relevant Interest Payment

Date, August 15, 1996 will be USD 143.11 per USD 10,000 principal amount of Note and USD 1.431.11 per USD 100,000 principal Kredietbank amount of Note.

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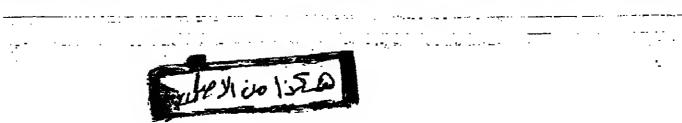
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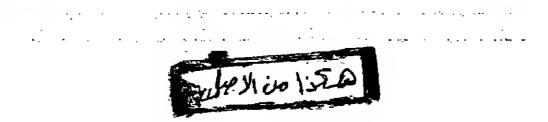
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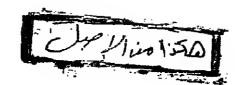
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LONDON STOCK EXCHANGE

Stocks shrug off another assault on utilities

More evidence that inflationary pressures in the US are under control induced another powerful display by Wall Street yesterday and helped a rather reluctant London market to march ahead to close just

below the day's best level. Earlier, London had aprinted higher on a mixture of revived takeover bopes and encouraging news on high street sales, before falling back just ahead of a cautious Bank of England inflation report.

The bank's report had little lasting effect on gilts or equities, however. Gilts ended around the day's

highest levels, lifted by a strong performance by US Treasury bonds. Sentiment in mid-morning was also given a severe testing by another large sell-off in utilities as investors continued to react to the harsh Ofgas review. British Gas remained in tha firing line throughoot the day, with the shares dropping to 190p, easily the lowest for almost six years, before staging a

expected tomorrow. But by the close of trading the FT-SE 100 index had recaptured all of its earlier vigour and eettled a net 20.5 higher at 3,759.7.

rally. Electricity and water stocks

were roughly handled, as was BT,

ahead of its preliminary figures

The preponderance of utilities in the second-tier index, the FT-SE Mid 250, weighed heavily oo that measure, which was always in the red. It eventually settled 2.6 points off at 4,509.8.

A late story doing the rounds was that a trid for either Royal Bank of Scotland or Standard Chartered was in the offing; there was also a vague suggestion that Lloyds TSB was considering a move against one of the two banks, which would require a beavy fund raising exercise.

Specialists pointed out, however, that Lloyds cold its long held 4.7 per cent stake in Standard Chartered last year. Dealers said both Scottish banks, and Standard Char-

tered, remain prime bid targets.

Marketmakers were reassured by Wall Street's latest excellent showing which saw the Dow Jones Industrial Average up some 30 points shortly after the start of trading. The expiry of FT-SE 100 index options oo Friday is seen as bullish, with some dealers noting that the

slip back afterwards. Ecocomists were happy about the latest US economic news. Mr Richard Jeffrey, group chief economist at Charterhouse Bank, said he thought a rise in US interest rates after next week's Federal Reserve Open Market Committee meeting

market tends to move up strongly

ahead of a significant expiry and

was "most unlikely". He added: "A rise in US rates might occur this year, bot not yet."

PowerGen was one of the market's poorest performers during the morning but raced up late in the day, after it sold its stake in Midlands Electricity. Traders were also encouraged by news that the generator had brought forward its results to today. Rumours were rife that the company was about to unveil a

big special dividend. Turnover in equities at the 6pm count was 780.2m shares, with noo-FT-SE 100 index stocks accounting for 51 per cent of the total. Cus-tomer business on Monday was worth £1.48bn.



FUTURES AND OPTIONS

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II FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index point

FT-SE MID 250 INDEX FUTURES (LIFFE) \$10 per full index point

■ FT-SE 100 INDEX OPTION (LIFFE) ("\$786) £10 per full index point

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EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

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PowerGen payout hopes

News that PowerGen is bringing forward its annual figures, and selling its 80.3m share stake in Midlands Electricity, prompted speculatioo of a sizeable payout to share-

holders. Sector specialists believe that the company will return between 50p to 100p a share to investors, possibly in the form of a share buyback or special

However, there was also some concern that the com-pany might be poised to fight against the tougher regulatory climate and appeal to the Monopolies and Mergers Commission over the ruling that it must sell off power stations. Any appeal would be likely to scupper the impending flota-

tion of British Energy. On balance, the more optimistic view prevailed. Sector specialist Mr Richard Alderman of NatWest Securities said: "I do not think they want to bring forward results by a week just to give out bad news." The shares closed 8 higher at 547p.

Gas again active

Heavy turnover continued in British Gas, with volume boosted by what appeared to be the other side of a taxrelated, or "bed and breakfast", deal before official trading

Five big blocks of shares, amounting to 42m, were exchanged at 180p a share. They contributed to the day's total of 83m, as the latest salvo from the regulator continued

to make its impact. British Gas fell a further 6 to 195p. Some brokers have been arguing that there is little value in the stock until it comes down to 180p. However. others are beginning to take a more optimistic stance with tha stock below 200p a share.

The regulatory fallout spread to other privatised otilities, particularly in the electricity sector. National Grid slipped 6 to 1861/sp, with SBC Warburg arguing that the Ofgas review provides pleoty of ammunition for Offer (the electricity regulator) to impose a tough review". East Midland Electricity fell 23 to 588p, London 26 to 752p and Yorkshire 27 to 762p.

New low at BT

Telecoms giant BT sank to a new 52-week low as the shakeout at British Gas spilled over into a general witch hunt across the regulated sectors. The company faces a heavy short-term news flow. It puts out first-quarter results tomorrow, and an Oftel discussion paper on pricing is due shortly, possibly early next month. The

turnover of 14m. Earlier hopes for some good news on pricing from Oftel have begun to fade fast as a result of the tough stance taken by the regulators of British Gas.

shares came off 7 to 3261/4p in

Building materials leader Wolseley bounced strongly. The stock has been beld back lately by suggestions that it was about to hit the takeover trail. But a combination of

Wall Street strength and encouraging news from the

sector spun sentiment around. The Marley annual meeting gave clear hints of a significant upturn in demand in the second half of this year. There was also said to be good US buying. Wolseley receives some 50 per cent of turnover from North America and the stock jumped to the top of the Footsie ranking with a gain of more than 4 per cent. It closed 18% up at 476%p. Marley put

on 2 at 147p. Caradon gained 12 at 236p. Its annual meeting statement was cautious, but there was an obvious relief factor. Mr Howard Seymour, BZW analyst, said the risk of profit downgrades had been substantially reduced.

British Steel came off against the market trend in heavy 18m turnever, following profit downgrades by brokers. ABN Amro Hoare Govett tweeked lower and there was talk that SBC Warburg had followed suit. The catalyst was an analysts' meeting at joint ven-ture Avesta Sheffield. But declined 5 to 413p. some brokers came away con-

June 17. The stock finished 4 off at 179%p. An analysts' presentation by Johnson Matthey boosted the shares by 19 to 634p. General Accident benefited

tent to wait for the British

Steel annual results, due on

from a well received set of figures and the shares added 19 at 654p. As expected, profits were hit by a spate of bad weather claims but there were pointers that the surplus assets, or orphan estate, were worth around fibn and the net asset

value 651p a share. Although its results were in line with expectations, Allied Domecq receded 5 to 497p following the meeting with analysts. Some big investors switched to Guinness, which

FINANCIAL TIMES EQUITY INDICES

	Mary 14	May 13	May 10	May 8	May 8	Yr ago	"High	Low
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P/E ratio net	18.48	18.42	15.48	18.85	16.28	16.24	17.25	15.96
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Seme		1.489			Pute	31,542
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To the Holders of Satori Electric Co., Ltd. Yen 5,500,000,000 ½ per cent. Convertible Bonds due 2002 Notice of Stock Split and **Adjustment of Conversion Price**

Notice is hereby given in connection with the above mentioned Convertible Bonds (the "Bonds") as follows:

The Board of Directors of Satori Electric Co. Ltd. (the "Company") at the meeting held on 8th May, 1996 resolved that the Company shall make a stock split (the "Stock Split") whereby each share of common stock of the Company (the "Share") held by its shareholders of record as of 31st May, 1996, Jepan time (the "Record Date"), will be divided into 1.2 Shares, and that the Stock Split shall take effect on 19th July, 1996, Japan time, as of which edditional Sheres will be issued to such shereholders of record pursuant to the Stock Split.

As e result of the Stock Split, the conversion price et which Sheres ere issueble upon conversion of the Bonds (the "Conversion Price"), currently Yen 5,033 per Share, will be reduced to Yen 4,194.2 per Share pursuent to peragreph (i) of sub-cleuse (H) of Cleuse 7 of the Trust Deed dated 24th October, 1995 relating to the Bonds. This adjustment of the Conversion Price shall become effective on 1st June, 1996, Japan time, which is the day immediately after the Record Date.

The Sumitomo Bank, Limited on behalf of Satori Electric Co., Ltd. Dated: 15th Mey, 1996

BCEN-EUROBANK 75' ANNIVERSALAE

The Annual General Meeding of ahareholders of BANQUE COMMERCIALE FOUR L'EUROPE DU NORD - EUROSANK, convened by the Board of Directors, took place on 4 April 1995, chaired by Mr. Bernard Dupuy, Chairman of the Supervisory Board, and in the presence of Mr. Serguel Doubinine, Chairman of the Central Stank of Russia. The Meeting approved the Directors' Report on Operations and the consolidated and non-consolidated accounts for the 1995 financial year. The Supervisory Board,meeting on the same date, reappointed Mr. Iouri Ponomercy as Chairman of the Sound of Directors, Mr. Patrick Deloziere and Mr. Andrei Movichan as Board Members.

The BCEN-EUROBANK continues to be active in several sectors of financing, particularly the finance of international trade and investment projects. The Bank continues so develop its operations thus strengthening its position in the various sectors of the Russian public debt market.

EVROFINANCE, the banking subsidiary of SCEN-EUROSANK, based in Moscow, is the biggest subsidiary of a Western bank in Moscow. In 1995 it saw a rapid growth in its securities and foreign exchange trading activities, custodian services, finance of foreign trade and financial

From a financial point of view, the Bank's position is satisfactory. The consolidated balance sheet at 31.12.1995 amounted to FRF 13,455 billion compared with FRF 14,485 billion at 31.12.1994. After exceptional items related to transfer of part of current revenues towards shareholder's longterm convertible subordinated loan, a small profit was recorded. At the end of the 1995, BCEN-EUROGANK's capital funds totalled FRF 3.8 billion including share capital of FRF 1, 2 billion. The European solvency ratio amounted to 52%.

Since April 1995, a new sharebolder of BCEN-EUROBANK, Almazy Rossii Sakha Co Ltd, has been represented on the Supervisory Board. BCEN-EUROBANK was delighted to celebrate its 75th anniversary on 4 and 5 April 1996, in the company of the French and international banking community, its major customers and friends.

BCEN - EUROBANK 79 - 81 boulevard Haussman 75008 PARIS

GROUPE PARIBAS

Group Paribas plans offer for shares in Compagnie Financière Ottomane

Prior to the annual General Meeting of Compagnie Financière Ottomane SA, to be held in Luxembourg on May 15, Groupe Paribas announces that it intends to make a public offer to purchase all of the share capital and founders' shares of Cie Financière Ottomane. Groupe Paribas currently holds 49.9% of Cie Financière Ottomane.

The public offer will be made within the months following the completion of the sale of Cie Financière Ottomane's Turkish subsidiary. Osmanli Bankasi, to the Garanti Bankasi Group. This sale, which is subject to conditions including the necessary regulatory approval and due diligence procedure, is expected to be concluded in June 1996. Following its completion, Cie Financière Ottomane will hold few assets apart from liquid assets and investments. The public offer will seek 10 give shareholders the opportunity of receiving the value of the company's assets on an equitable basis. The conditions of the offer, which cannot be finalized until the completion of the Osmanli Bankasi sale, will be the subject of a fairness opinion and carried out in keeping with applicable stock market regulations.

BANQUE NATIONALE DE PARIS Programme for the insulance of Debt instruments SSP 10,000,000 Floating to Fixed Rate Hotes dee 1988

Series 59 Trenche 1 Notice is hereby given that the rate of interest for the period from May 18th, 1886 to August 18th, 1896 has been fixed in 5.425 per cent. per armum. The coupon amount due for this period is

COUPON BENOUN OUT FOR MISS PERSON IN GRP 100,000 and le payable on the interest payment date August 1911, 1998.

The Flexal Agent Basepa Ristionate de Paris (Luxenthours) S.A.

midged up 3 to 483p. There was profit-taking in Bass, which shed 5 to 785p. Harry Ramsden's, the fish and chip chain,

Leading oil issues gained on the back of buying in the US and a feeling that UN talks about allowing Iraq to resume oil exports may founder on the issue of sovereignty. BP added 10 at 567p and Shell Transport

14 at 914p. Royal Bank of Scotland jumped 18 to 538p. There was some talk of a big rights issue by one rival to raise money for a takeover bid. And there was also enpport from Merrill

General investment buying boosted activity among leading food retailing issues.

Shares in Tesco rose 7 to 287p in solid business which brought turnover of 8.7m by the close of the session. UBS, the company's broker, continues to be a fan of the shares, believing it is the cheapest stock within the sector.

J. Sainsbury also put in a solid performance, gaining 9 at 387p in some 4.5m dealt. However, a combination of

general profit-taking and some nervousness ahead of today's final figures from Argyll Group prompted a decline in the stock. The shares lost 2 at 349p. Volume was 4.9m. Analysts expect the group to post profits of around £400m. Optimism from the British

Retail Consortium over a nick-up in high street sales underpinned several stores stocks, particularly the durables chains.

Argos rose 7 to 662p. Dixons. which jumped 12 to 490p, was a major bensficiary, with the consortium specifically mentioning a substantial increase in sales of personal computers. The retailer also benefited from the announcement that tha administrators of Powerhouse, the privately owned electrical retailer, were closing

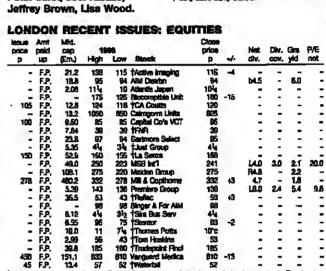
Goldsmiths, the jeweller, rose 12 to 312p following news at its agm that sales were up 11 per cent on a like-for-like

Kleinwort Benson moved from buy to hold on the stock, urging clients to take profits following the recent strong run for the shares. Last month's successful BET takeover saw Rentokil outpece the market

by some 15 per cent. Conglomerate TT Groop climbed 12 to a new high of 351p after an upbeat annual meeting statement.

Profits warnings hit Hodder Heedline, the publisher, and Wace, the printer. They ened 36 to 224p and 44 to 223p respectively.

MARKET REPORTERS: Peter John, Joel Kibazo,



FT GOLD MINES INDEX May 15 the May Year 13 on day 10 ago

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FI - SE Actuaries Share Indices Day's May 14 chge% May 13 May 10 May 0 ago | 3,95 | 2,13 | 14,82 | 72,43 | 1532,07 | 3,32 | 1,78 | 21,47 | 77,90 | 1805,41 | 3,42 | 1,81 | 20,25 | 62,94 | 1824,49 | 3,81 | 2,09 | 15,83 | 35,85 | 1586,84 | 5,08 | 1,90 | 12,91 | 43,38 | 1271,70 | 2,66 | 2,33 | 20,21 | 26,59 | 1374,87 | 2,90 | 1,78 | 24,12 | 24,68 | 1826,47 | 3,07 | 1,87 | 21,74 | 25,79 | 1835,99 | 3,74 | 2,04 | 16,37 | 34,39 | 1699,05 FT-SE 100 FT-SE Mid 250 FT-SE Mid 250 ex Inv Truets FT-SE-A 350 FT-SE-A 350 Higher Yield 1826.8 +0.4 1882.64 1888.05 1877.73 1821.21

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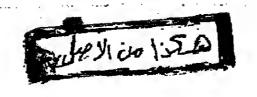
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Additional information on the FT-SE Actuaries Share indices is published in Saturday issues.

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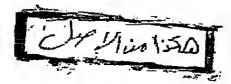
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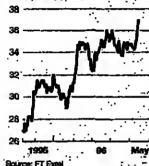
Further data bolster rise in equities

Wall Street

US share prices were higher in midsession trading following the publication of economic data which showed that inflationary pressures remained in check, writes Lisa Bransten in

At 1 pm the Dow Jones Industrial Average was 25.11 stronger at 5,607.71, the Standard & Poor's 500 had risen 2.82 to 664.33 and the American Stock Exchange composite had gained 1.97 at 599.23. Volume on the NYSE came to 270m

Investors in both the stock and bond markets welcomed the weaker than expected figures on both the consumer price index and retail sales. In



early trading, the yield on the benchmark 30-year Treasury bond fell below 6.9 per cent for the first time in two weeks. That helped ease the fears of

equity investors who had been worried that rising long term interest rates would burt profit growth and attract money out of equities and into bonds.

Technology shares continued recent gains: by early afternoon the Nasdaq composite was up 9.10 at 1,230.97, on course to set a third consecutive record high. The Pacific Stock Exchange technology index had added 0.4 per cent.

One of the fastest moving chnology shares was 3Do, the entertainment aoftware company, which surprised analysts by reporting a fourth quarter profit of 4 cents a share, com-pared with the 2 cents a share lose most had expected. The

shares jumped \$214 or 22 per cent to \$12% in early trading. Corning advanced \$2% or 6 per cent to \$37% after the company said that its board had approved a plan to spin off its clinical laboratories and pharmaceutical services businesses into two publicly traded com-

MedPartners/Mullikin, a physician-management company, alipped \$% to \$26% after announcing that it had agreed to buy a competitor, Caremark, in a deal valued at about \$2.5bn. Caremark rose \$1% to \$29%. ValuJet recovered \$1% of the \$4 it had surrendered on Monday in the wake of the crash of the airline's DC-9 in Florida. The rebound hrought

Toronto was higher at midsession, above the key 5,200 level, prompting expectations that the market could be heading for a record close.

The TSE-300 composite index had risen 16.23 by noon at 5,207.30 in volume of 48.7m

The market regained momentum on Monday when investors discounted a possibility that the Quebec separatist government would call a snap election and initiate a new independence referendum. Imperial Oil jumped C\$1.10

to C\$58.10 on growing expectations that the cash rich oil company would repurchase a hefty tranche of its own stock. The Vancouver based Black

Swan Mines was again actively traded, after announcing promising exploration results, but it gave no an early 3-cent advance by noon to trade flat

Mexico City easier

Mexico City saw foreign demand push the equity market higher at the opening, but the rise was not sustained by index was off 8.62 at 3,242.16. Brokers had said earlier that foreign institutions had been buying the market following the release of satisfactory domestic inflation data.

SAO PAULO, waiting for today's first-quarter results from Telebras, saw the Bovespa index down 455.95 at 54,346 at midsession.

Telebras preferred, which represents more than 40 per cent of the Bovespa index, had climbed some 4 per cent on Monday as rumours circulated that the company's first-quarter profits, previously esti-

\$600m, could be even better. BUENOS AIRES Was up nearly 1 per cent by midsesto US consumer price data. The Merval index was standing 5.38 firmer at 583.56. Analysts noted that while

mated at between \$400m to

leading stocks remained popular, there had been a growing interest in smaller capitalised • UBS Securities yesterday

downgraded Brazil to neutral from overweight and raised Argentina's position in its Latin American equities portfo-lio to overweight from neutral. UBS also upgraded Peruvian

stocks to neutral from underweight and kept Mexico over-

South African industrials rise

received encouragement from the release of US consumer price data, while gold shares only managed a marginal rise as the price of bullion stayed steady.

The overall index added 50.2 at 6,844.3, the industrials index gained 81.5 or 1 per cent at 7,994.9 and the golds index improved 13.8 to 2,000.3. De Beers lost 75 cents to R143.50, Anglos rose R6 to R290, SA Breweries made R4.75 to R123.25, Richemont added R1 at R63 and Amcoal

fell R2 to R308. Other movements included Vaal Reefs, up R1 at R447, and Dries, off 25 cents at R67.25. Amgold declined R1 to R445.

0.4 207.54 140.63 168.98 187.24

Renault shares fall as Paris bourse gains ground

The publication of US con-sumer price data during the afternoon lifted PARIS, hut porate news to keep investors interested. The CAC-40 index rose 21.23 to 2,122.08 in good turnover of FF15.2hn.

Canal Plus, the pay televi-sion group, climbed FFr19 to FFr1.234 on an 8 per cent rise in first-quarter sales; the com-pany also said the number of subscribers in the first quarter of 1996 had risen hy more than 13 per cent. Scor, the insurer, gained

ground following a presentation to analysts on Monday. There was a perception that the stock remained undervalued in relation to its European competitors, and the shares put on FFr16.60 at FFr207.90. Renault, however, dropped FFr1.90 to FFr148 on the government's plan to reduce its stake in the vehicle manufacturer from 51 per cent to 46 per cent. The state said this would

placement, rather than a share issue, and some analysts thought the placement would be at a discount to the current market price. Docks de France, the retailer, lost FFr116 or 11 per cent to FFr981 as Auchan, the

privately owned hypermarket operator, said it had taken an

be done through a private

THE EUROPEAN SERIES 13.60 14.00 15.00 Clase Naunty change: FT-SE Eurotrack 200 1674.68 1674.57 1675.27 1673.67 1676.12 1677.26 1678.61 1678.61 FT-SE Eurotrack 200 1721.68 1720.20 1719.76 1720.19 1723.02 1723.55 1724.00 1725.66 May 13 May 10 May 9 Mazy 8 Mazy 7

11 per cent stake, effectively blocking any bostile takeover bid for the quoted group. Eiffage, the construction

FT-SE Actuaries Share Indices

group, was suspended temporarily, limit down during the day as doubts surfaced about its 1995 property provisions. On requotation the stock ended with a loss of FFr82 or 10 per cent at FF1736. But there was a better story from its fellow building industry stock Lafarge, which benefited from a broker's upgrade and closed FFr9.70 higher at FFr330.70. FRANKFURT's Dax index

acknowledged both the dollar and stronger bunds as it closed 31.87 or 1.3 per cent higher at an Ibis-indicated 2,528.20 in turnover of DM8.9bn. Individual themes moved

both stocks and sectors, said Mr Hans-Peter Wodniok at Credit Lyonnais in Frankfurt. Adidas anticipated big product exposure, both in the forthcoming Olympics and in the European soccer championships, and rose DM6 or 5.1 per cent to DM124.

In cyclicals, chemicals outpaced carmakers with BASF and Hoechst both up by more than 2 per cent. Here, said Mr Wodnick, there were signs that product prices, depressed since last summer, were not only stabilising bot improving. in utilities, the baton passed from Veba to RWE and Viag,

which closed DM1.60 and DM8.80 higher at DM59.45 and DM583.30 on the theory that the aubstantial cash flow in electricity generation, invested in telecoms, would pay off when the German telecoms market is liberalised in 1998. AMSTERDAM featured an 11

per cent rise in sales for Ahold, the supermarket operator, during the first four months of the year, and the shares moved ahead Fl 1.60 to Fl 87.40. There was also an upgrade on the stock from J.P. Morgan.

performance hy sbares involved in the Hanii Group's

takeover of the debt-ridden

Woosung Construction, on

The AEX index rose 2.24 to 557.91. Royal Dutch rose F15.10 to Fl 255.40, some brokers citing follow-through enthusiasm following the oil groop's better than expected first-quarter earnings last week. ZURICH found support in

the US economic data and the view that some stocks had been oversold, and the SMI index picked up 24.6 to 3,592.4. A SFr6.25 rise in SBC to SFr238.75 was attributed to analysts' recommendations, while Baloise, the insurer, added SFr65 at SFr2,840, profit-

speculation. Esec. which makes specialised equipment for the semi-conductor industry, climbed SFr65 to SFr4,775 on a 71 per cent rise in group net profits. The sbares were among last year's star performers, rising more than 250 per cent in the seven months to January 8, when they stood at SFr5,625.

OSLO was dominated by the NKr141 and NKr133.50.

The total index ended virtu-

ing from unconfirmed takeover

ally flat, down 0.03 at 821.03. Turnover shot up to ahout NKr1.9bn. 90 per cent higher tban on Monday, and with Hasslund accounting for more than NKrlbn. that the prime minister designate, Mr Romano Prodi, would

listing of the demerged energy and drug companies Hafslund and Nycomed. Haislund made a better price than expected, the A and B shares closing at NKr56.50 and NKr49 respectively. Nycomed started worse than anticipated, but rose in afternoon trade to finish at

any rebel shareholder attempt to hreak it up. The shares fell

before picking up to finish L0.1 higher at L969.1 MADRID was relatively flat Share price and index rebased

the general index closing just 0.48 higher at 357.10. One reaaon was a Pta135 fall to Pta4,415 in Repsol, the oil major, on disappointing results and government plans to sell a 10 per cent stake. HELSINKI saw a remarkable

performance from Ralsio, which peaked at FM243, up FM29, dropped to FM211 on a one-for-five, deep discount rights issue, then climbed all the way back to close at FM243 again on the international enthusiasm for its Benecol cholesterol-reducing margarine. The Hex index rose 19.96 to

WARSAW fell for the third consecutiva session, the Wig index closing off 1.8 per cent at 12,500. Espebepe, the construction group, slid 10 per cent on the beginning of its debt restructuring proceedings.

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Elsewhere in the sector. Elektromontaz Export and KPBP Bick started trading on the main market, having transferred from the secondary for ket, and showed respective falls of 4.8 and 4.9 per cent.

Written and edited by William

ued to be published, causing a

number of stocks to falter.

Union Asia Finance, for

instance, shed Bt6 to Bt101 as

its quarterly net profits fell.25 per cent. Elsewhere, Bank-of

Ayudhya shed Bt3 to Bt139: its

first quarter showed a disap-

pointing 2 per cent increase

over the same period last year.

SINGAPORE was dragged lower by leading property

stocks, depressed by specula-

ASIA PACIFIC

Bargain hunters move in Tokyo, Bombay up 1.6% First-quarter results contin-

Tokyo

The overnight rally on Wall Street and a decline in short term interest rates lifted investor sentiment and share prices closed moderately higher on bargain bunting, writes Emiko Terazono in Tokyo.

The Nikkel 225 average rose 129.23 to 21,301.05 after moving between 21.174.24 and 21.311.39. An improved outlook for short term rates belped the futures market, prompting technical buying. In the afternoon sesslon, domestic institutions chased large blue chips.

Volume, however, totalled 29im shares against 326m as overseas investors who had been inactive over the previous few days stayed on the sidelines. Traders expected foreigners, who led the market's rally at the beginning of this year, to have turned net sellers for the first time in six months.

The Topix index of all first section stocks rose 8.91 to 2.25 to 306.38. But losers led gainers by 530 to 514, with 191 issues unchanged.

in London the ISE/Nikkei 50 index put on 1.66 at 1,436.69. Oil refiners and distributors were bought on steady crude oil prices. Nippon Oil rose Y14 to Y714 and Showa Shell

Sekiyu added Y50 at Y1,130. High-technology stocks, sold recently on sluggisb US demand for semiconductors, gained ground. Industry analysts said that most stocks seemed to have discounted the earnings weakness expected during the next business year. The projected profit decline at Tokyo Electron for the year to

March 1998 bas been discounted in its share price." said an analyst at a UK broker. Hitachi moved ahead Y20 to Y1,060, Toshiba Y7 to Y784 and Sony Y10 to Y6.680. Retail shares were higher on

hopes of a continued recovery in personal consumption. Isetan gained Y30 at Y1,530 and Takashimaya Y10 at Y1,750.

Large steels and shipbuilders were up on buying by domestic investors. Nippon Steel rose Y3 to Y360, Kawasaki Steel firmed Y1 to Y383 and Mitsubishi Heavy Industries put on Y13 at

Speculative issues were actively bought. Copal, a camera sbutter maker, advanced by its daily limit of Y106 to Y1,010, climbing for the sixth straight trading session. Nagasakiya, a supermarket operator, appreciated Y13 to Y800 and Totetsu Kogyo surged Y100 to Y797.

in Osaka, the OSE average dipped 43.82 to 22,536.78 in volume of 49.4m shares.

Roundup

A volatile session left BOM-BAY up 1.6 per cent, on expectations that the right-wing Bharatiya Janata party would be able to form a coalition government. The BSE-30 index closed 59.76 higher at 3,810.13, up from an earlier low of Foreign institutional inves-

tors were selective buyers. SBI Rs291.50 and Reliance by Rs7 or 2.8 per cent to Rs255. HONG KONG was solidly

firmer, with the Hang Seng index adding 71.88 at 10,817.88 in turnover that improved sharply to HK\$13bn Analysts attributed the

strength of the rally to Wall Street's overnight performance, although they cau-tioned that with Sino-US copyright protection talks, to avert the outbreak of a trade war today, still going on and the US consumer price index due later yesterday, many inves-tors were still reluctant to commit themselves.

Banks again performed strongly on the US long bond yield's continued dip. HSBC gained 50 cents at HK\$113.50. Hang Seng Bank HK\$1.50 at HK\$79.25 and Bank of East Asia 20 cents at HK\$25.95. Guangshen Railway, the

twentieth mainland China company to be listed in Hong Kong, ended its maiden session at HK\$3.125, against the issue price of HK\$2.91, after a heavy day's trade.

expectations that the deal would improve the manageprofits from St George Bank, South Korea Share prices relative to the Hanil Synthetic Fiber, the Korne Composite flagship of Hanil Group, rose Won430 to its daily limit of Won7,740. Woosung, which ran

adding Won320, The broad market finished lower as early rotational buying of small and medium-sized shares gave way to profit-tak-ing, the composite index losing 14.58 at 964.15.

into tronble in January, when

it defaulted on Won16.9bn

SYDNEY saw weakness in mining stocks offset by strength in the banks and engineers, and the All Ordinaries index rose 4.9 to 2.261.8. Enthusiasm for banks was

steady at A\$7.60, and Westpac. up 11 cents to A\$6.02. National Australia Bank closed 16 cents higher at A\$11.57, ahead of its results due on Thursday. Australis Media, the pay tele-

Source: FT Extel

MILAN was lifted by hopes

announce his new government

by the weekend, and that the

caretaker premier, Mr Lam-

berto Dini, was completing a

slightly higher than expected

L12,000bn mini-budget. The

Comit index rose 3.56 to 666.95.

Montedison ran into profit-taking after the group said late

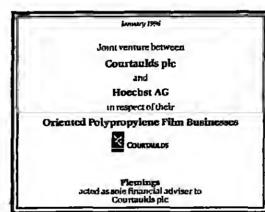
on Monday that it would resist

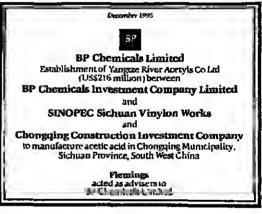
vision company, plummeted 9.5 cents or 21.2 per cent to 34.5 cents as reports circulated worth of promissory notes, also went limit-up at Won5.670, about the groop's ability to secure funding. BANGKOK continued to be uneasy as investors awaited a cabinet resbuffle. The SET

index dipped 5.24 to 1,319.26 in turnover of Bt4.9bn. STP & I. which made its debut in the building materials sector, was the most active

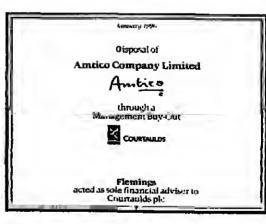
tion that the government planned property credit restrictions. The Straits Times Industrial index slid 20.29 to 2,365.17. Leading losers among properties included Wing Tal, down 12 cents to \$\$3.48, City Devi opments, 10 cents cheaper at issue and ended at Bt58, a premium against its initial S\$11.80, and Malayan Credit, 7 cents lower at S\$2.79. public offering price of Bt48.

Leading M&A Advice in Chemicals





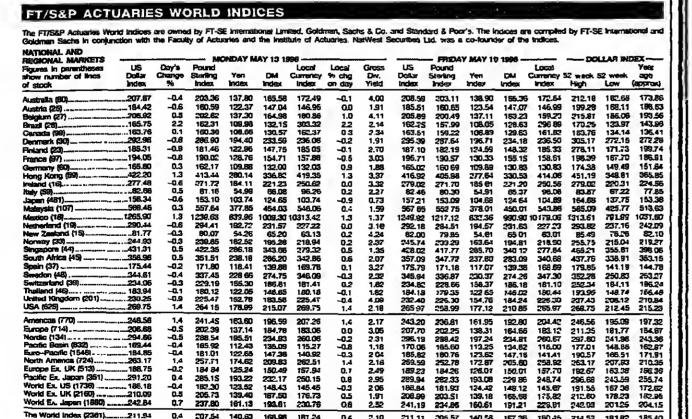




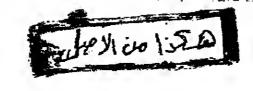




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